LASACO ASSURANCE PLC
FINANCIAL STATEMENTS
31 DECEMBER 2020

LASACO ASSURANCE PLC

Contents

Corporate Information

Directors	Mrs. Aderinola Disu	Chairman (Resigned -08/09/2020)
	Mrs. Olateju Philips	Chairman (Appointed - 25/09/2020)
	Mr. Segun Balogun	Managing Director/CEO
	Mr. Rilwan Oshinusi	Deputy Managing Director(Corporate Services)
	Mr. Razzaq Abiodun	Deputy Managing Director (Technical)
	Engr. Sani Ndanusa	Independent Director
	Mr. Akin Odusami	Non-exceutive Director
	Otunba Akin Doherty	Non-exceutive Director
	Prince Jamiu Saka	Non-executive Director (Appointed 25/09/2020)
Company Secretary	Mrs. Gertude Olutekunbi Plot 16, ACME Road Ogba Industrial Estate Ikeja Lagos State.	
Registered Office	LASACO House Plot 16, ACME Road Ogba Industrial Estate Ikeja Lagos State.	
Registration Number	31126	
Tax Identification Number	02306657-0001	
Corporate Head Office	LASACO House Plot 16, ACME Road Ogba Industrial Estate Ikeja Lagos State. Tel: (234) 01 - 2120557 E-mail: info@lasacoassurance.com Website: www.lasacoassurance.com	
Registrars	APEL Capital & Trust Limited 8, Alhaji Bashorun Street Off Norman Williams Crescent, South West, Ikoyi Lagos Telephone: 01- 873928, 7401444-5 Mobile No: 07046126698	
Bankers	Polaris Bank Limited First Bank of Nigeria Limited Ecobank Nigeria Limited Heritage Bank Plc First City Monument Bank Limited United Bank for Africa Plc Guaranty Trust Bank Plc Sterling Bank Plc	

Corporate Information **(Cont'd)**

Auditors	BDO Professional Services (Chartered Accountants) ADOL House, 15 CIPM Avenue Central Business District Alausa, Ikeja, Lagos. P.O.Box 4929,GPO, Marina Lagos. www.bdo-ng.com
Actuary	EY Actuaries 10th & 13th Floor, UBA House 57 Marina Lagos Nigeria
Estate Valuer	Oletubo & Co Estate Surveyors & Valuers 9, Arapasanwu Street, off oluwaloimu Off Amore Street, Toyin Street, Ikeja Fola Oyekan & Associates Estate Surveyors & Valuers 13, Ogunlana Drive , Surulere, Lagos
Solicitors	Obioha Jude Idigbe & Co 10 Marina Onikan Lagos. Lawrence Osayemi & Co 38/40 Orlando Martins Street Off Igbosere Road Lagos. Abdulkareem & Abdulkareem 7 Gray Street Behind Yaba Chief Magistrate Court Yaba Lagos.
Reinsurers	African Reinsurers Corporation Continental Reinsurance Corporation SWISS Reinsurance Company WAICA Reinsurance Pool
Our Vision	To be a market leader in Insurance and Financial Services in Nigeria, creating and sustaining an exceptional brand and providing long term value to our Stakeholders.

Corporate Information **(Cont'd)**

Our Mission	We are committed to be the Insurance and Financial Services Company of choice in Nigeria, providing Products and Services of Superior Quality, using modern tools and a well motivated workforce to create long term value for all our Stakeholders.
Core Values	Excellence Professionalism Integrity Customer Focus Trust Accountability Creativity Teamwork
Quality Policy Statement	LASACO Assurance Plc is committed to delivering Insurance and Financial Services Of Superior Quality, surpassing customers expectations and ensuring strict compliance with regulatory/statutory requirements. We are committed to continually improving the effectiveness of our Quality Management System. We establish measurable goals and objectives at Departmental levels which we review as the need arises ensuring timely, effective implementation of Company strategy.

RESULTS AT A GLANCE	2020	2019	Changes	
Statement of Financial Position	₦'000	₦'000	₦'000	%
Total Assets	20,536,738	18,510,279	2,026,459	11
Total Liabilities	12,734,506	10,530,938	2,203,568	21
Shareholders' Funds	7,802,232	7,979,341	(177,109)	(2)

INCOME STATEMENT	₦'000	₦'000	₦'000	%
Gross premium written	10,937,805	9,341,528	1,596,277	17
Gross premium income	10,965,467	9,748,826	1,216,641	12
Reinsurance expenses	(3,952,248)	(3,845,320)	106,928	3
Net premium income	7,013,219	5,903,506	1,109,713	19
Fee and commission income	1,034,914	807,820	227,094	28
Net underwriting income	8,048,133	6,711,326	1,336,807	20
Claims expenses	(3,246,047)	(2,171,915)	1,074,132	49
Underwriting expenses	(2,591,730)	(2,060,637)	531,093	26
Changes in Life fund	(29,853)	82,409	(112,262)	(136)
Changes in annuity fund	(204,574)	(262,499)	(57,925)	(22)
Underwriting profit	1,975,929	2,298,684	(322,755)	(14)
Profit on investment contract liabilities	6,208	61,760	(55,552)	(90)
Fair value gain/(loss) on financial assets	122,556	(181,960)	304,516	167
Investment income	552,247	736,360	(184,113)	(25)
Other income	1,001,992	219,312	782,680	357
Management expenses	(2,900,391)	(2,742,839)	157,552	6
Impairment of financial assets	(50,207)	(48,854)	1,353	3
(Allowance)/write back of credit losses	(11,898)	5,307	(17,205)	(324)
Profit before taxation	696,436	347,770	348,666	100
Information Technology Development Levy	(6,895)	(3,443)	3,452	100
Income tax	(10,184)	(28,582)	(18,398)	(64)
Profit for the year after tax	679,357	315,745	363,612	115

The Directors present their annual reports on the affairs of LASACO Assurance Plc, as at 31 December 2020 together with the financial statements and auditors' report.

1. Legal form and Principal activity

The Company was incorporated in December 20, 1979 under the Company Decree of 1968. The Company then, known as Lagos State Assurance Company Limited obtained license as an insurer on July 7, 1980 and commenced business on August 1, 1980. It became a public limited liability Company in 1991 when the Company's shares were listed on the Nigerian Stock Exchange. The Company secured a life insurance business license from National Insurance Commission (NAICOM) in 2007. The Company then separated the life business and transferred the related assets and liabilities to its subsidiary, LASACO Life Assurance Company Limited . On January 1, 2009 LASACO Life Assurance Co. Ltd commenced business. The Company operates from its corporate office in Lagos and whilst it maintains branches in major cities of the Federation.

However,the operations of LASACO Life Company Limited and LASACO Assurance Plc have been merged to become a Composite Insurance Company by a court sanction and an approval from the National Insurance Commission (NAICOM). LASACO Life Assurance Company Limited thus ceased to exist as a Private Company from December, 2014 but now a department under LASACO Assurance Plc.

The Company is principally engaged in the provision of various classes of insurance such as general accident, fire, motor, engineering, marine, bond insurances and life assurance businesses. The Company also transacts insurance business for aviation, oil & gas and other special risks.

2. Operating results

The following is a summary of the Company's operating results for the year ended 31 December 2020

SUMMARY OF THE RESULT
Comprehensive Income

	2020	2019
	N'000	N'000
Profit before tax	696,436	347,770
Income tax expense	(17,079)	(32,025)
Profit for the year	679,357	315,745
Transfer to statutory contingency reserve	(205,488)	(220,407)
Transfer to retained earnings for the year	473,869	95,338

3. Dividend

The Directors are proposing a dividend of 10kobo per share for the year ended 31 December 2020.

4. Directors and Directors' Interest

Directors

No Director has disclosed any declarable interest in any contract with the Company during the year in pursuant to Section 303 of the Companies and Allied Matters Act, 2020.

5. Directors' interest

The Directors' interests in the issued share capital of the Company as recorded in the register of members and as advised by the Company's registrars for the purposes of Section 301 of the Companies and Allied Matters Act, 2020 and the listing requirements of the Nigerian Stock Exchange are as follows:

31 December 2020

Name of Director	Direct	Indirect	Total
Mrs. Olateju Phillips	-	2,027,796,764	2,027,796,764
Mr. Segun Balogun	10,000,000	-	10,000,000
Otunba Akin Doherty	2,949,645	931,764,739	934,714,384
Mr. Akinola Odusami	-	-	-
Engineer Sani Ndanusa	-	-	-
Prince Jamiu Saka	-	-	-
Mr. Razzaq Abiodun	-	-	-
Mr. Rilwan Oshinusi	-	-	-

31 December 2019

Name of Director	Direct	Indirect	Total
Mrs. Aderinola Disu	-	2,027,796,764	2,027,796,764
Mr. Segun Balogun	10,000,000	-	10,000,000
Otunba Akin Doherty	2,949,645	931,764,739	934,714,384
Mr. Akinola Odusami	1,971,496	-	1,971,496
Engineer Sani Ndanusa	-	-	-
Mr. Razzaq Abiodun	-	-	-
Mr. Rilwan Oshinusi	-	-	-

6. Directors' Responsibilities

The Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the income statement for that year and comply with the Insurance Act, 2003. Financial Reporting Council of Nigeria Act, No.6, 2011,Insurance Act CAP I17, LFN 2004 and section 377 of the Companies And Allied Matters Act, 2020.

7. Shareholding

The Registrars have advised that the called up and fully paid up shares of the Company as at 31 December 2020 were beneficially held as follows:

Analysis of shareholders

According to the register of members, no shareholder other than the ones mentioned above held more than 5% of the issued share capital of the Company as at 31 December 2020

S/N	ACCT NO	NAME	ADDRESS	HOLDING	%
1	70538	Ibile Holdings Limited	62/64 Campbell Street Lagos P.O. Box 71282 Victoria Island Lagos State Lagos Nig Lagos	2,027,796,764	27.65%
2	1806	Canon Properties & Investment Limited.	P.O.Box 51549, Falomo Ikoyi, Lagos. Lagos	931,764,739	12.70%
3	Various	Nigerian Citizens and Associations	N/A	4,374,781,918	59.65%

Mrs Olateju Phillips, Mr. Akinola Odusami and Prince Jamiu Saka are representing Ibile Holdings on the Board. Otunba Akin Doherty is representing Canon Properties and Investments Limited.

8. Directors' interest in contracts

In accordance with section 303 of the Companies and Allied Matters Act, 2020, none of the Directors has notified the Company of any declarable interests in contracts or proposed contracts with the Company.

Composition of Directors

The Board of Directors of the Company is currently comprised of the under listed individuals:

Dr Olateju Phillips	Chairman (Appointed - 25/09/2020)
Mr. Segun Balogun	Managing Director/CEO
Mr. Rilwan Oshinusi	Deputy Managing Director(Corporate Services)
Mr. Razzaq Abiodun	Deputy Managing Director (Technical)
Engr. Sani Ndanusa	Independent Director
Mr. Akin Odusami	Director
Otunba Akin Doherty	Director
Prince Jamiu Saka	Non-executive Director (Appointed 25/09/2020)

Retiring Directors

In accordance with Section 285 of the Companies and Allied Matters Act, 2020, Mr. Akin Odusami will retire by rotation at this Annual General Meeting and being eligible offer himself for re-election.

Records of the Directors Attendance

In accordance with Section 258 (2) of the Companies and Allied Matters Act, 2020, the records of the Directors attendance at Director’s meeting in 2020 are available for inspection at the Annual General Meeting.

9. DONATIONS

Donations during the year ended 31 December 2020 amounted to N20,000,000 (31 December 2019: N13,750,000) as follows:

	N'000
Federal Government of Nigeria	20,000

10. EVENTS AFTER REPORTING DATE

The Company received a sum of N3.5billion from her core Shareholders as deposit for shares towards the recapitalisation exercise on 31 December 2020 out of which only a sum of N400million was immediately credited to her account while the balance of N3.1billion was credited on 4 January 2021 being the next business day.

11. EMPLOYMENT AND EMPLOYEES

It is the policy of the Company not to adopt discriminatory criteria for considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion.

When an employee becomes physically challenged during the course of his or her employment, the Company endeavours to retain the individual for employment in spite of his disability, when this is reasonably possible. As at 31 December 2020 one physically challenged person was in the employment of the Company.

12. EMPLOYEES INVOLVEMENT, TRAINING AND DEVELOPMENT

i. Information dissemination

“The employees are regularly provided with information on matters that are of concern to them through established channels of communication.”

ii. Consultation with employees

There are regular consultations between the senior and junior staff unions and Management, particularly on matters affecting staff welfare.

iii. Encouraging **employees'** involvement and training

The Company ensures that employees are informed of matters concerning them through formal and informal fora with an appropriate two-way feedback mechanism. In accordance with the Company's policy of continuous development, in-house training is provided on various aspects of the organisation. In addition, employees are nominated to attend both local and international courses and workshops which are complemented by on-the-job trainings.

iv. Health, safety at work and welfare of employees

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. The Company gives priority to the health and safety of its employees by ensuring that health and safety procedures are substantially complied with and maintained in its daily operations.

v. Acquisition of own shares

The Company did not purchase any of its own shares during the year.

13. AUDITORS

In compliance with Section 33(2) of the Securities and Exchange Commission's Code of Corporate Governance and Section 22(1) of National Insurance Commission 2010 guidelines on the tenure of External Auditors, Messrs BDO Professional Services (Chartered Accountants) has shown willingness to continue in office as the auditors in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remunerations.

By Order of the Board

Gertude Olutekunbi (Mrs.)
Company Secretary
Lagos, Nigeria
FRC/2015/NBA/000000/11389
Date: 26/03/ 2021

Statement of **Directors'** Responsibilities

In accordance with the provisions of Section 377 of the Companies and Allied Matters Act, 2020 and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position at the end of the financial year of the Company and of the operating result for the year then ended.

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the International Accounting Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 1991, Insurance Act, CAP I17 LFN 2004and Prudential Guidelines issued by National Insurance Commission.
- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with;

- Insurance Act, CAP I17 LFN 2004
- International Financial Reporting Standards (IFRS) as issued by the International Accountings Standards Board (IASB);
- Companies and Allied Matters Act, 2020;
- Banks and Other Financial Institutions Act, 1991;
- Relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and
- Financial Reporting Council Act No 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating result for the year ended 31 December 2020.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors on.......................... by:

Mr. Segun Balogun	**Mrs Olateju Phillips**
Managing Director/CEO	**Chairman, Board of Directors**
FRC/2013/CIIN/00000002288	FRC/2013/IODN/00000002517

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act, 2020, that for the year ended 31 December 2020, the Company has lodged all such returns as are required of a Company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Gertude Olutekunbi (Mrs.)
Company Secretary
FRC/2015/NBA/00000011389

Lagos, Nigeria
26-03-2021

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2007

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2020 that:

- We have reviewed the report;

- To the best of our knowledge, the report does not contain:
  - Any untrue statement of a material fact, or
  - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Company as of, and for the years presented in the report.

- We:
  - Are responsible for establishing and maintaining internal controls.
  - Have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
  - Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
  - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- We have disclosed to the auditors of the Company and audit committee:
  - All significant deficiency in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
  - Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

- We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation,including any corrective actions with regard to significant deficiencies and material weaknesses.

....
Mr. Segun Balogun
Managing Director/CEO
FRC/2013/CIIN/00000002288

Mr. Akinwale Sofile
Chief Finance Officer
FRC/2012/ICAN/00000000494

To the members of LASACO Assurance Plc

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act, 2020, we the Members of the Audit and Compliance Committee of LASACO Assurance Plc, having carriedout our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended 31 Decembner 2020 and we confirm that they were adequate;

- The Company's accounting policies as well as internal control systems conform to legal requirements and ethical practices; and

- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December 2020

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.

....
Chairman of the Audit and Compliance Committee
FRC/2013/ICAN/00000002111

Date. 24-03-2021

Members of the Audit Committee

Mr. Matthew Akinlade	Chairman - Shareholders' Representative
Mrs. Abigail Olaaje	Member - Shareholders' Representative
Mr. Samson Olagoke	Member - Shareholders' Representative
Mr. Akinola Odusami	Member - Board's Representative
Otunba Akin Doherty	Member - Board's Representative
Engr. Sani Ndanusa	Member - Board's Representative

The Company Secretary/Legal Adviser acted as the Secretary to the Committee.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For a deeper understanding of our strategy, and operational performance and also in compliance with regulatory requirements, we have outlined a Management's Comment and Analysis (MC &A) report as contained hereunder.

All financial information presented in this MC&A, including tabular amounts, is in Naira and is prepared in accordance with International Financial Reporting Standards ("IFRSs").

To facilitate the understanding of the Company's position, it is advised that the content of this MC&A be read in conjunction with the full audited financial statements as well as the accompanying notes.

Nature of Business

LASACO Assurance Plc's major activity is Insurance business. LASACO's business portfolio currently include leadership and significant share of key Federal and State Governments Insurance businesses, multinational and private companies underwritng businesses in major sectors of the economy, from heavy Engineering and Construction, Banking and Finance, Manufacturing, Agricuture, Tourism, Life covers to high- tech capital intensive special risks areas of Oil and Gas, and Aerospace.

Business Objective and Strategy

The Company aims to be a market leader in Insurance and Financial Services in Nigeria. By this, the Company's objective is to emerge as one of the top ten Insurance service providers in Nigeria.

To ensure this goal is achieved, LASACO's strategy is to broaden and align service delivery channels along customer segments taking cognizance of the difference between policy administration, product support and customer care to adequately cater for peculiar needs for each segment.

LASACO is set to be a strong, efficient, cost effective and transparent Insurance and Financial services solution provider, investing in business and market segments that consistently offer profitable growth, increase return on our capital, and sustain long term shareholders' value.

Quality Policy Statement

LASACO Assurance Plc is committed to delivering Insurance and Financial Services of Superior Quality, surpassing customers expectations and ensuring strict compliance with regulatory and statutory requirements.

We are committed to continually improving the effectiveness of our Quality Management System in line with ISO 9001 - 2008 Certification.

We establish measurable goals and objectives at departmental levels which we review as the need arises ensuring timely and effective implementation of Company strategy.

Performance Indicators

Operating Results, Cash flow and Financial Condition (in thousands of Nigerian Naira)

	2020	2019	Change
	₦'000	₦'000	%
Gross written premium	10,937,805	9,341,528	17
Net underwriting income	8,048,133	6,711,326	20
Underwriting profit	1,975,929	2,298,684	(14)
Investment income	552,247	736,360	(25)
Operating expenses	(2,900,391)	(2,742,839)	6
Profit before tax	696,436	347,770	100
EPS (k)	9.3	4.3	115

In 2020, the premium income increased by 17% from N9.3billion achieved in 2019 to N10.9billion.
Net premium income increased by 19% from N5.9billion in 2019 to N7.0billion in 2020.

Net claims expenses increased by 49% from ₦2.1billion in 2019 to N3.2billion in 2020.

Underwriting expenses increased by 26% from N2.0billion in 2019 to N2.5billion in 2020.

The Company profit before tax for the year increased by 100% from N347million achieved in 2019 to N696million in 2020.

Shareholders' funds decreased by 2% from ₦7.97billion to ₦7.80billion.

Liquidity, Capital Resources and Risk Factors

The Company's cash investment is in accordance with its investments policy and complies with the regulatory requirements. The Company's investment strategy is influenced by a focus on highly liquid financial instruments such as term deposit, equity and debt instruments.

Forward Looking Statements

Some aspects of the statement above will also apply to the Company's future outlook. Reference to the Company's or Management's budget, estimates, expectations, forecasts, predictions or projections constitute aspect of the "forward-looking statements". Such statements may also be deduced from the use of conditional or forward-looking terminologies including but not limited to words such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the adverse variants of such which appear within the body of this document.

Many factors and assumptions may affect the manifestation of the Company's projections, including, but not limited to, production rate, claims rate, employee turnover, relationships with brokers, agents and suppliers, economic and political conditions, non-compliance with laws or regulations by the Company's employees, brokers, agents, suppliers, and/or partners, and other factors that are beyond its control.

Without prejudice to the Company, such Forward Looking Statements reflect Management's current belief and are based on available information which are subject to risks and uncertainties as identified. Therefore, the eventual action and/or outcome could differ materially from those expressed or implied in such forward looking statements, or could affect the extent to which a particular projection materializes.

The forward-looking statements in this document reflect the Company's expectations as it was at the time the Company's Board of Directors approved this document, and are subject to change after this date. The Company does not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.

In accordance with the general requirements of the Nigerian Code of Corporate Governance 2018 (NCCG Code) and the Securities and Exchange Commission Corporate Governance Guideline (SCGG), we hereby highlight those key principles and practices that form the basis of the high standards of corporate conduct for which LASACO is known for.

At LASACO, we conduct our business activities in accordance with the highest degree of ethical standards of good governance, integrity and in full compliance with the law, while taking into account the interest of stakeholders. We reach out to our employees, business partners, associates and stakeholders at large to secure their commitment and participation in upholding high standards of conduct in the performance of their duties.

The Board of Directors are responsible for setting, reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives, monitoring implementation and management performance; and overseeing major capital expenditures, acquisitions and investments. In order to fulfill their responsibilities, we ensure that Board members have access to accurate, relevant and timely information and that Board Members devote sufficient time to their responsibilities and duties. In the year 2020, the Board of Directors met often to review the Recapitalization Plans to ensure that the company meets the NAICOM deadline for insurers in Nigeria.

We have completed and submitted the new Financial Reporting Council Template for reporting compliance with Nigerian Code of Corporate Governance 2018.

The Matters Reserved For the Board

The Board of Directors' major performance enhancing and direction-setting responsibilities include the following

i Strategy formulation, policy thrust and Management policies
ii Integrity of financial controls and reports
iii Risk assessment and internal controls
iv Board and top executive appointments
v Creating and sustaining appropriate relationships with all stakeholders
vi Selection, Performance Appraisal and Remuneration of Executive Directors
vii Succession Planning
viii Corporate Responsibility through the approval of relevant policies
ix Approves and reviews the matters reserved for the Board and the terms of reference for Board Committees
x Determines the remuneration for Non-Executive Directors
xi Sets the procedure for determining the remuneration of the company's Independent Auditors
xii Nominates members of the Board committees and determines the scope of delegated authority to Board Committees and Management as well as their respective responsibilities and accountability
xiii Develops and enforces a code of conduct for Non-executive Directors and a binding Statement of Standards of Business Conduct for compliance by all company employees
xiv Ensures compliance with all relevant laws and regulations by the Company and its officers.

The Board was made up of Five Non-executive Directors, One being Independent Director and Three Executive Directors during the 2020 financial year. At LASACO, the position of the Chairman is separate and distinct from that of the Managing Director/Chief Executive Officer. The Chairman is a Non-executive Director.

Governance Structure

The Company is committed to high standards of corporate governance. Corporate governance practice in the Company is drawn from various applicable codes of corporate governance issued by National Insurance Commission (NAICOM) and Securities and Exchange Commission (SEC). This ensures compliance with regulatory requirement as well as the core value which the Company upholds.

The Board of LASACO Assurance Plc met ten (10) times during the year. The following are the list of the Directors and their attendance records at the Board meetings:

BOARD OF DIRECTORS

	17/2/ 2020	25/3/ 2020	2/6/ 2020	17/7/ 2020	29/07/ 2020	11/9/ 2020	17/10/ 2020
Mrs.Aderinola Disu	P	P	P	P	P	N/A	N/A
Mrs Olateju Philips (Appointed, 25th September, 2020)	N/A	N/A	N/A	N/A	N/A	N/A	P
Otunba Akin Doherty	P	P	P	P	P	P	P
Mr. Akinola Odusami	P	P	P	P	P	P	P
Engineer Sanni Ndanusa	P	P	P	P	P	P	P
Prince Jamiu Adio Saka (Appointed, 25th	N/A	N/A	N/A	N/A	N/A	N/A	P
Mr. Segun Balogun	P	P	P	P	P	P	P
Mr. Rilwan Oshinusi	P	P	P	P	P	P	P
Mr. Razzaq Abiodun	P	P	P	P	P	P	P

DIRECTOR	5/11/2020	19/11/2020	17/12/2020
Mrs.Olateju Phillips	P	P	P
Otunba Akin Doherty	P	P	P
Mr. Akinola Odusami	P	P	P
Engineer Sanni Ndanusa	P	P	P
Prince Jamiu Adio Saka	P	P	P
Mr. Segun Balogun	P	P	P
Mr. Rilwan Oshinusi	P	P	P
Mr. Razzaq Abiodun	P	P	P

KEY: A = Absent P = Present E = Emergency N/A = Not Applicable

COMMITTEES OF THE BOARD

The Board performs its various duties and responsibilities through Four (4) Committees: the Finance, General Purposes and Investment Committee, the Establishment and Corporate Governance Committee, the Audit, Risk Management and Compliance Committee and the Statutory Shareholders' Audit Committee. All Board Committees make recommendations for consideration and approval by the full Board. In the year 2020, Finance, General Purposes and Investment Committee held meetings more than previous years because of the ongoing recapitalization exercise in the Insurance industry.

At the management level, a Management Committee presided over by the Managing Director/Chief Executive Officer and comprising the Deputy Managing Directors, General Managers and a Principal Manager meet regularly once in a fortnight.

1) FINANCE, GENERAL PURPOSES AND INVESTMENT COMMITTEE

The Committee was chaired by a Non-executive Director and made up of two other Non-executive Directors and the three Executive Directors for a total membership of six (6) members.

The following are the key terms of reference of the Finance and Investment Committee:

a) To review the Company's operational standards and performance.
b) To oversee financial reporting, policies and processes as well as compliance level.
c) To oversee internal controls and compliance within the company.
d) To oversee capital and operating expenditures, specific projects and their financing within the overall Business Plan and Budget approved by the Board.
e) To ensure that there are no conflicts of interest by Directors and Top Managers in the Company in the conduct of
f) To proffer suggestions on optimal use of the Company's resources.

Membership

- Otunba Akin Doherty - Chairman
- Mr. Akinola Odusami - Member
- Engineer Sani Ndanusa - Member
- Prince Jamiu Saka - Member
- Mr. Segun Balogun - Managing Director
- Mr. Riliwan Oshinusi - Deputy Managing Director (Corporate Services)
- Mr. Razzaq Abiodun - Deputy Managing Director (Technical)

The Board Finance, General Purposes and Investment Committee met ten times during the period under review. The following table shows the meeting dates and the attendance of the Committee members at such meetings:

ATTENDANCE	17/2/2020	25/3/2020	2/6/2020	17/7/2020	29/07/2020	11/9/2020	17/10/2020
Otunba Akin Doherty	P	P	P	P	P	P	P
Mr. Akin Odusami	P	P	P	P	P	P	P
Engineer Sani Ndanusa	P	P	A	P	P	P	P
Mr. Segun Balogun	P	P	P	P	P	P	P
Mr. Rilwan Oshinusi	P	A	P	P	P	P	P
Mr. Razzaq Abiodun	P	P	P	P	P	P	P

DIRECTORS	28/08/20	6/10/2020	16/12/2020
Otunba Akin Doherty	P	P	P
Mr. Akin Odusami	P	P	P
Engineer Sani Ndanusa	P	P	P
Prince Jamiu Saka	P	P	P
Mr. Segun Balogun	P	P	P
Mr. Rilwan Oshinusi	P	P	P
Mr. Razzaq Abiodun	P	P	P

KEY: A = Absent P = Present N/A = Not Applicable E/A = Electronic Attendance

2) The Board Establishment And Corporate Governance Committee

The Board Establishment and Corporate Governance Committee was made up of Three Non-executive Directors, one of whom chaired the Committee and were joined by the Three Executive Directors.

The Terms of reference of the Board Establishment Committee are as follows:

- To define the criteria and the procedure for the appointments and promotion of key officer of the Company from Manager cadre and above;
- To oversee proper administration of the Board approved performance based appraisal and remuneration system ;
- To review from time to time the organizational structure and succession planning proposals of the Company and make appropriate recommendations to the full Board;
- Oversees the implementation of Board approved performance goals and objectives for the Executive Directors and top Management.

Membership

Mr. Akin Odusami	Chairman
Otunba Akin Doherty	Member
Engineer Sani Ndanusa	Member
Prince Jamiu Saka	Member
Mr. Segun Balogun	Managing Director
Mr. Rilwan Oshinusi	Deputy Managing Director (Corporate Services)
Mr. Razzaq Abiodun	Deputy Managing Director (Technical)

The Board Establishment Committee met three times during the period under review.
The following table shows the meeting dates and the attendance of the Committee members at such meetings:

Attendance:

Director	27/05/2020	22/07/2020	6/10/2020
Mr. Akin Odusami	P	P	P
Otunba Akin Doherty	P	P	P
Engineer Sani Ndanusa	P	P	P
Prince Jamiu Saka	N/A	N/A	p
Mr. Segun Balogun	P	P	P
Mr. Rilwan Oshinusi	P	P	P
Mr. Razzaq Abiodun	P	P	P

KEY: A = Absent P = Present N/A - Not Applicable

3) Audit, Risk Management And Compliance Committee

The Audit, Risk Management and Compliance Committee is made up of three non-Executive Directors, one of whom chaired the Committee and were joined by the three Executive Directors.

The Terms of reference of the Audit, Risk Management and Compliance Committee are as follows:

- The Committee is responsible for the review of the integrity of the data and information provided in the Audit and/or Financial Reports.
- To provide oversight functions with regards to both the Company's financial statements and its internal controls and Risks Management functions;
- To review the terms of engagement and recommend the appointment or re-appointment and compensation of External Auditors to the Board and Shareholders;

Membership:

Engineer Sani Ndanusa	Chairman
Mr. Akinola Odusami	Member
Otunba Akin Doherty	Member
Prince Jamiu Saka	Member
Mr. Segun Balogun	Managing Director
Mr. Rilwan Oshinusi	Deputy Managing Director (Corporate Services)
Mr. Razzaq Abiodun	Deputy Managing Director (Technical)

The Audit, Risk Management and Compliance Committee met three times during the year under review.
The table below shows the meeting dates and the attendance of the Committee members at the meeting:
Attendance:

Director	27/05/2020	23/07/2020	6/10/2020
Mr. Akinola Odusami	P	P	P
Otunba Akin Doherty	P	P	P
Engineer Sani Ndanusa	P	P	P
Prince Jamiu Saka (appointed)	N/A	N/A	P
Mr. Segun Balogun	P	P	P
Mr. Rilwan Oshinusi	P	P	P
Mr. Razzaq Abiodun	P	P	P

KEY: A = Absent P = Pres N/A - Not Applicable

4) The Statutory Audit Committee

The Statutory Shareholders Audit Committee was made up of six (6) members comprising three representatives of the shareholders who were re-elected at the 2019 Annual General Meeting held on 15th September, 2020 for a period of one year till the conclusion of the 2020 Annual General Meeting; and three representatives of the Board of Directors nominated by the Board.

The Chairman of the Audit Committee for 2020 was Mr. Matthew Akinlade, FCA, a Shareholders' representative. The meetings of the Committee were attended by the Company's Internal Audit representatives represented by BDO Professional Services., the Company's Independent External Auditors. The Company Secretary is the Secretary of the Committee.

The Committee had the following members during the year under review:

Mr. Matthew Akinlade	Chairman - Shareholders' Representative
Mrs. Abigail Olaaje	Member
Mr. Samson Olagoke	Member
Mr. Akinola Odusami	Member Board's Representative
Otunba Akin Doherty	Member
Engr. Sani Ndanusa	Member

The Statutory Shareholders Audit Committee met five times during the period under review. The table below shows the meeting dates and the attendance of the Committee members at such meeting:

Attendance:	25/3/2020	29/5/2020	22/7/2020	6/10/2020	21/12/2020
Mr. Matthew Akinlade	P	P	P	P	P
Mr. Samuel Olagoke	P	P	P	P	P
Mrs. Abigail Olaaje	P	P	P	P	P
Mr. Akinola Odusami	P	P	P	P	P
Otunba Akin-Doherty	P	P	P	P	P
Engr. Sani Ndanusa	P	P	P	P	P

KEY: A = Absent P = Present N/A = Not Applicable

The Terms of Reference of the Committee
The following were the terms of reference of the Committee as provided in section 404(7) of the Companies and Allied Matters Act CAP, 2020:

a) Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
b) Review the scope of planning of audit requirements.
c) Review the findings on management matters in conjunction with the External Auditors and departmental responses
d) Keep under review the effectiveness of the Company's system of accounting and internal control.
e) Make recommendations to the Board with regard to the appointment, removal and remuneration of the External Auditors of the Company.
f) Authorize the internal auditor to carry out investigation into activities of the Company which may be of interest or concern to the committee.

Security Trading Policy

The Company has a share trading policy which is being adhered to in compliance with the requirements of the Nigerian Stock Exchange.

Complaint Management Framework Policy

The Company ensure that communication and dissemination of information regarding the operations of the Company to shareholders, potential investors and the general public is timely, accurate and continuous, In compliance with the requirements of the Securities and Exchange Commission's rules relating to the Complaints Management Framework of the Nigerian Capital Market issued in 2015 and the directive of the Nigerian Stock Exchange issued in 2015.
The Complaint Management Framework Policy set out the Board framework by which Lasaco Assurance Plc and its Registrar will provide assistance regarding Shareholders issues and concerns. It also provides feedback mechanism on matters that affect Shareholders.

Whistle Blowing Policy

In line with the Company's commitment to instill the best corporate governance practices, a Whistle Blowing procedure was established that ensures anonymity on any reported incidence(s). The Company has a dedicated number for the whistle blowing form on our website.

Code of Professional Conduct for Employees

We have an internal Code of Professional Conduct which all members of staff are expected to subscribe to upon resumption of duties. Staff is also required to re- affirm their commitment to the code annually. All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the code, which prescribe the common ethical standards, culture and policies of the Company to employee values

RISK MANAGEMENT DECLARATION

The Board Risk Management Committee of LASACO Assurance Plc hereby declares as follows:

The Company has systems in place for the purpose of ensuring compliance with NAICOM guideline;

The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the Company;

The Company has in place a Risk Management Strategy, developed in accordance with the requirements of NAICOM guideline on Enterprise Risk Management (ERM), setting out its approach to risk management; and

The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the Company, having regard to such factors as the size, business mix and complexity of the Company's operations.

Segun Balogun
Managing Director/CEO
FRC/2013/CIIN/00000002288

Mrs. Olateju Philips
Chairman
FRC/2013/IODN/00000002517

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF LASACO ASSURANCE PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements of LASACO Assurance Plc, which comprise, the statement of financial position for the year ended 31 December 2020, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company for the year ended 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements paragraph of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition
Due to the large number of policies underwritten by the Company and the flow of premium information from the underwriting department to the financial reporting ledger, there is a risk that the revenue recorded in the financial statements may not be completely accounted for.

Response
We have tested the design and implementation of the key controls over revenue recognition, focusing on the flow of information from the underwriting department to the financial reporting ledger. In addition, we performed substantive analytical procedures on the gross and unearned premium balances amongst others.

Valuation of investment properties
The Directors have estimated the value of the Company's investment properties to be N3.19billion as at 31 December 2020. Independent external valuations carried out as at 31 December 2020 were obtained inorder to support the value in the Company's financial statements. These valuations are based on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

- Evaluated the independent external valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.

We also reviewed and found the disclosures in note 9 to be appropriate based on the assumptions and available evidence.

Valuation of insurance contracts liabilities.

The Directors have estimated the value of insurance contract liabilities in the Company's financial statements to be N8.27billion for year ended 31 December 2020 based on the actuarial valuation and liability adequacy test carried out by the Actuary.

The valuation has been made on the following key assumptions which were determined by the Actuary:

- Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including an allowance for benefits.
- The unexpired premium reserve for general business is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The Company's claim payment approach will be sustained into the future.
- Weighted past average inflation will remain unchanged over the claim projection period.
- Gross claim amount includes all related claim expenses.
- An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses at a ratio of 20% premium.
- An allowance was made for IBNR(Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims.

Our response

We:

- Evaluated and validated controls over insurance contract liabilities,
- Evaluated the independence,competence, capability, and objectivity of the Actuary.
- Assessed the methodologies used and the appropriateness of the key assumptions,
- Checked the accuracy and relevance of data provided to the Actuary
- Reviewed the result based on the assumptions.
- Obtain management representation of the value of insurance contracts liabilities included in the financial statements

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conductedin accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on thebasis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatementresulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

* Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Contravention of laws and regulations

As stated in note 47 of these financial statements, the Company paid the sum of N14,875,000 (Fourteen Million, Eight Hundred and Seventy Five Thousand Naira Only) to Securities and Exchange Commission and Nigerian Stock Exchange for late submission of both the audited financial statements for the year ended 31 December 2019 and the Company's first and second quarters unaudited financial statements during the year.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit

ii) in our opinion, proper books of account have been kept by the Company

iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0424037

Ebenezer O. Olabisi
FRC/2012/ICAN/00000000104
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
24 June 2021

The following are the significant accounting policies adopted by the Company in the preparation of these financial statements. These accounting policies have been consistently applied for all years presented.

1.0 General Information

(a) LASACO Assurance Plc ("LASACO" or ''the Company") is a public limited liability Company domiciled in Nigeria. The Company's registered and Corporate Office is Plot 16, ACME Road, Ogba Industrial Estate,Ikeja Lagos.

The Company was incorporated on 20 December 1979 under the Company Decree of 1968. The Company then, known as Lagos State Assurance Company Limited obtained license as an insurer on 7 July 1980 and commenced business on 1 August 1980. It became a public limited liability Company in 1991 when the Company's shares were listed on the Nigerian Stock Exchange. The Company secured a life insurance business license from National Insurance Commission (NAICOM) in 2007. The Company then separated the life business and transferred the related assets and liabilities to its subsidiary, LASACO Life Assurance Company Limited . On 1 January 2009 LASACO Life Assurance Co. Ltd commenced business. The Company operates from its corporate office in Lagos and whilst it maintains branches in major cities of theFederation.

The purpose of the merger is to enable the Company operate as a composite Insurance Company as against the group structure in operation before the merger.

The merger process was concluded on 16 December 2014 with conclusion of the Court Ordered Meeting and final Court approval. This is in line with Section30(1)(b) of the Insurance Act.

All assets and liabilities of LASACO Life Assurance Ltd have been transferred to LASACO Assurance Plc, hence LASACO Life Assurance Co Ltd cease to operate as an Insurance Company and as a subsidiary of LASACO Assurance Plc with effect from 17 December 2014.

(b) Principal activity

The Company is principally engaged in the provision of various classes of insurance such as general accident, fire, motor, engineering, marine, bond insurances and life assurance businesses. The Company also transacts insurance business for aviation, oil & gas and other special risks.

These financial statements were authorized by the Board of Directors on 26 March 2021.

1.1 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 Going Concern

These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations, the management believes that the going concern assumption is appropriate for the Company due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of the business. Liquidity ratio and continuous evaluation of current ratio of the Company is carried out by the Company to ensure that there are no going concern threats to the operations of the Company.

1.3 Basis of Preparation and Compliance with International Financial Reporting Standards

The Company's financial statements for the year ended 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN2004 and Prudential Guidelines issued by National insurance Commisson and Investment and Securities Act 2007.

1.3.1 Foreign currency translation

(a) Functional and Presentation Currency

The financial statements are presented in Nigerian currency (Naira) which is the Company's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand (₦ '000)

(b) Transactions and balances in foreign currencies

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial assets fair value through other comprehensive income, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

1.3.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss;
- Financial assets classified as FVOCI which are measured at fair value through other comprehensive income;
- Financial assets which are measured at amortised costs;
- Land and building (included in property and equipment) which are measured at fair value through other comprehensive income; and
- Investment properties which are measured at fair value.
- In accordance with IFRS 4 Insurance contracts, the Company has applied existing accounting policies for its Life and Non-life Insurance contracts, modified as appropriate to comply with the IFRS framework.

1.4 Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial positions and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions
and estimates are significant to the financial statements are disclosed.

(i) Business model assessment

For financial assets that are held for the purpose of collecting contractual cash flows, the Company has assessed whether the contractual terms of these assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Allowances for credit losses

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for debt instruments measured at amortised cost and fair value through other comprehensive income. In estimating these cash flows, the Company makes judgments about the borrower's financial situation and value of other collateral (where applicable). These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

A collective assessment of impairment takes into account data from the debt portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, changes in foreign exchanges, real estate prices indices, country risk and the performance of different individual groups).

These critical assumptions have been applied consistently to all years presented, except as follows:

The Company applied the impairment requirements under IFRS 9 since 1 January 2018 and no changes to the assumptions used for the calculation for allowance for impairment in 2020 using the expected credit loss model.

(iii) Impairment of financial assets

The Company has applied some judgment in carrying out an assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporating forward-looking information in the measurement of Expected Credit Losses (ECL).

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost. The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.

Staged Approach to the determination of Expected Credit Losses

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Stage 1 The Company recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2 The Company recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

Stage 3 The Company recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired.

The Company does not originate or purchase credit impaired loans or receivables.
The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: the Company considers the obligor is unlikely to pay its credit obligations to the Company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Company’s ECL model for homogenous portfolios.

1.5 Judgments, Estimates and Assumptions

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

1.5.1 Income Taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded,
such differences will impact the income tax and deferred tax provisions.

1.5.2 Retirement Benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The assumptions used in determining the net cost (income) for gratuity include the discount rate, rate of return on assets, future salary increments and mortality rates.

The Company determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency inwhich the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Other key assumptions for gratuity obligations are based in part on current market conditions.

In most cases, no explicit assumptions are made regarding the future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcomefrom the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisionsfor unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

1.5.3 Fair Valuation of Investment Properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

1.6 New standards, interpretations and amendments not yet effective ' '

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are:

IFRS 17 Insurance Contracts	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees. The implementation of the Standard is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and Information Technology. • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment. • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and • that the judgments and estimates made must be reassessed whenever circumstance have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgments and estimates made in preparing the financial statements.	The Standard is effective for annual reporting periods beginning on or after 1 January 2022/2023, with early application
IAS 1 Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

2.1 SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are defined as those that are reflective of significant judgements and uncertainties and potentially give rise to different results under different assumptions and conditions.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

2.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include notes and coins on hand and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Due to their short-term nature, the carrying value of cash and cash equivalents approximates their fair value, hence they are carried at fair value in the statement of financial position.

2.3 FINANCIAL ASSETS

In 2018 financial year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

2.3.1 Recognition and initial measurement

Financial assets and liabilities, with the exception of other loans and receivables, are initially recognised on the trade date i.e. the date that the Company becomes a party to the contractual provisions of the Instruments

This includes regular way trades: purcahses or sales of financial assets that requires delivery of assets within the time frame generally established by regulation or conviction in the market place. Other loans and receivables are recognised when fund are transferred to the policy holder's accounts.

A financial assets or financial liability is measured initially at fair value or minus, for an item not at fair value through profit or loss, direct and incremental transanctions costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

2.3.2 Classification and Measurement

Initial measurement of a financial asset or liability shall be at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs shall be recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

The Company classifies its financial assets into the following categories in line with the provisions of IFRS 9:

(a) those to be measured at fair value through profit or loss (FVTPL)
(b) those to be measured at amortised cost ; and
(c) those to be measured at fair value through other comprehensive income (FVOCI)

The classification depends on the Company's business model (ie business model test) for managing financial assets and the contractual terms of the financial assets cash flows(i.e. solely payments of principal and interest - SPPI test.)

The Company also classify its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortised cost. Management determines the classification of the financial instruments at initial recognition.

A. Classification of Financial Assets

a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

• The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Investment income'.

The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the 'effective interest method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

b) Financial assets measured at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as 'Net fair value gain/(loss) in the period in which it arises. Interest income from these financial assets is recognised in profit or loss as 'Investment income'.

In addition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This is done on initial recognition of the instrument.

c) Financial assets measured at FVOCI

The Company subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis at the initial recognition of the instrument. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as dividend income when the Company's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All other financial assets are classified as measured at FVTPL. Changes in the fair value of financial assets at fair value through profit or loss are recognised in Net fair value gain/(loss) in the profit or loss.

Business Model Assessment

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

2) How the performance of the portfolio is evaluated and reported to management;

3) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

4) How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

5) The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest on principal amount outstanding

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

B. Classification of Financial Liabilities

Financial liabilities shall be classified into one of the following measurement categories:

a) Fair Value through Profit or Loss (FVTPL)
b) Amortised cost

(a) Financial Liabilities at fair value through profit or loss
Financial liabilities accounted for at fair value through profit or loss fall into two categories:
Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception
Financial liabilities at fair value through profit or loss shall be financial liabilities held for trading. A financial liability shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments that shall be managed together and for which there shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held for trading unless they shall be designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.
Gains and losses arising from changes in fair value of financial liabilities classified as held for trading shall be included in the income statement and shall be reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'.

Financial Liabilities shall be designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value shall be recognized in the Consolidated Statement of Income, except for changes in fair value arising from changes in the Company's own credit risk which shall be recognized in OCI. Changes in fair value of liabilities due to changes in the Company's own credit risk, which are recognized in OCI, shall not be subsequently reclassified to the Consolidated Statement of Income upon derecognition/extinguishment of the liabilities.

(b) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and shall be measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost shall be debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

C. Reclassifications

The Company reclassifies financial assets when and only when its business model for managing those asstes changes. The reclassifications takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Company's operations.

When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets that are debt instruments. A change in the objective of the Company's business occurs only when the Company either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:

· A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)

· A temporary disappearance of a particular market for financial assets.

· A transfer of financial assets between parts of the entity with different business models.

Financial liabilities are not reclassified after initial classification.

Financial assets under the amortised cost classification (i.e. business model whose objective is to collect the contractual cash flows) can still be held as such even when there are sales within the portfolio as long as the sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

However, if more than an infrequent number of such sales are made out of a portfolio and those sales are more than insignificant in value (either individually or in aggregate), the Company will assess whether and how such sales are consistent with an objective of collecting contractual cash flows.

The Company has defined the following factors which will be considered in concluding on the significance and frequency of sale:

· Definition of Insignificance: The Company considers the sale of assets within the BM1 as insignificant if the total sales constitute a value that is less than or equal to 15% of the current amortised cost portfolio per annum or a 5% per quarter subject to a maximum of 15% per annum threshold.

· Definition of Infrequent: The Company has decided that any sale not more than once a quarter would be considered as an infrequent sale.

· Definition of closeness to maturity: The Company defines close to maturity as instruments with three months to maturity

2.3.3 Modifications of financial assets and financial liabilities

(1) Financial Assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is de-recognized and a new financial asset is recognized at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on de-recognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in de-recognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognized as a modification gain or loss in profit or loss as part of impairment loss on financial assets for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Company will consider the following non-exhaustive criteria:

Qualitative criteria

Scenarios where modifications could lead to de-recognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, are:

- Change in frequency of repayments i.e. change of monthly repayments to quarterly or yearly repayments
- Reduction of financial asset's tenor
- Extension of financial asset's tenor
- Reduction in repayment of principals and interest
- Capitalisation of overdue repayments into a new principal amount

On occurrence of any of the above factors, the Company will perform a 10% test (see below) to determine whether or not the modification is substantial.

Scenarios where modification will not lead to derecognition of existing financial assets are:

- Change in interest rate

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

A modification would not lead to derecognition of existing financial asset if:
· the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is less than 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see below) and ECL measured as follows:

· If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

· If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Modification gain or loss shall be included as part of impairment loss on financial assets for each financial year.

(2) Financial liabilities
The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flowsunder the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified termsis recognised at fair value. The difference between the carrying amount of the financial liability extinguishedand the new financial liability with modified terms is recognised in profit or loss. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurredadjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.3.4 Impairment of financial assets

(a) Overview of the Expected Credit Losses (ECL) principles
The Company recognizes allowance for expected credit losses on the following financial instruments that are not measured at FVTPL:
• cash and cash equivalents.
• Debt instrument at amortised cost.
• Other receivables.
• Statutory deposit.

The instruments mentioned above are all referred to as ‘financial instruments’ or ‘assets’. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12m ECL) as outlined.

The 12m ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LT ECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECL. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

• Stage 1: When financial assets are first recognised, the Company recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.

• Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.

• Stage 3: Financial assets considered credit-impaired. The Company records an allowance for the LTECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime - stage 2 or stage 3 of the ECL bucket, the Company would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 1). In addition to the 90 days probationary period above, the Company will also observe a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

(b) The calculation of ECLs
Expected credit losses are probability-weighted estimate of credit losses over the expected life of the financial Instrument. Credit losses are the present value of the expected cash shortfalls (B5.5.28).

The measurement of the expected credit losses should reflect:

- An unbiased and probability weighted amount
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort.

IFRS 9 does not prescribe a single method for measuring expected credit losses. Rather, it acknowledges that the method used to measure expected credit loss may vary based on the type of the financial asset and the information available.

The Company calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

· PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

· EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

· LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset’s gross carrying value.

The mechanics of the ECL method are summarized below:

• Stage 1: The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

• Stage 2: When an asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the useof multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cashshortfalls are discounted by an approximation to the original EIR.

• Stage 3: For assets considered credit-impaired, the Company recognizes the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

• POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Company only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

(c) Debt instruments measured at fair through OCI
The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

(d) Purchased or originated credit impaired financial assets (POCI)
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

An asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

For POCI financial assets, the Company only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.

(e) Collateral valuation
To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms: salary/other terminal benefits for the staff loans etc. The Company's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Company's statement of financial position.
However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

(f) Presentation of allowance for ECL in the statement of Financial position
Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of the asset is its fair value. However, the loss allowance is disclosed and recognised in the fair value reserve in equity (through OCI).

(g.) Write - off
After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realization of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board Risk Management Committee, as defined by the Company. Credit write-off approval is documented in writing and properly initiated by the Board Risk Management Committee.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

(h). Forward looking information
In its ECL models, the Company relies on a broad range of forward looking information as economic inputs,such as , GDP growth, Unemployment rates, Inflation rates and crude oil prices.

2.3.6 Fair value measurement - policy applicable for current and comparative periods
'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price - i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

2.3.7 Derecognition of financial assets
The Company derecognises a financial assets when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised asset financial asset that is created or retained by the Company is recognised as a separate asset or liability. Impaired debts are de-recognised when they are assessed as uncollectible.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including anynew asset obtained less any new liability assumed) is recognised in profit or loss.

2.3.8 Derecognition of financial liabilities

The Company de-recognises financial liabilities when, and only when its contractual obligations are discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

2.3.9 Write off - policy applicable for current and comparative periods

The Company writes off a financial asset (and any related allowances for impairment losses) when the Company's Credit determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entireexposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

2.4 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Company will not be able to collect all the amount due based on the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized when they are assessed as uncollectible. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortized cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

2.5 REINSURANCE ASSETS

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for the insurance contracts in accounting policy are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered in to by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. Reinsurance assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

The Company assesses its reinsurance assets for impairment on a yearly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

(a) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at used for these financial assets. These processes are described in accounting policy.

2.6 DEFERRED ACQUISITION COSTS

Deferred Acquisition Cost (DAC) refers to direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts. These costs are deferred with the expectation that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expensewhen incurred. Subsequent to initial recognition, deferred acquisition costs for life insurance business are amortized over the expected life of the contracts as a constant percentage of expected premiums. DAC for general insurance business is amortized over the period in which the related revenues are earned. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value an impairment loss is recognised in the income statement. Deferred acquisition cost is also considered in the liability adequacy test for each reporting period. DAC is derecognised when the related contracts are either settled or disposed off.

2.7 OTHER RECEIVABLES AND PREPAYMENTS

2.7.1 Other receivables

Other receivables are made up of amounts due from parties which are not directly linked to insurance or investment contracts. Other receivables are stated after deductions of amount considered bad or doubtful of recovery. When a debt is deemed not collectible, it is written-off against the related provision or directly to the profit or loss to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to the profit or loss.

2.7.2 Prepayments

Prepayments are carried at cost less amortisation and accumulated impairment losses.

2.8 INVESTMENT PROPERTIES

Investment properties comprises of properties held to earn rental income and/or for capital appreciation. Investment properties are initially measured at cost and subsequently carried at fair value based on valuers hired by the Company. Investment properties are revalued with sufficient regularity by external professional. The valuators value is determined by discounting expected future cash flows at appropriate market interest rates. Changes in fair value of investment properties are recognised in the statement of comprehensive income as investment surplus. When investment properties become owner-occupied, the Company reclassifies them to owner-occupied properties at a deemed cost equal to the fair value of properties at thedate of reclassification. The difference between the carrying value and fair value of the properties at the date of reclassification to investment properties is recognised directly in equity as a revaluation surplus. Investment properties are derecognised when they have either been disposed off or when they arepermanently withdrawn from use and no future benefit is expected from their disposal.

2.9 STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act of Nigeria CAP I17, 2004. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and interest income earned on the deposit is included in investment income.

2.10 INTANGIBLE ASSETS

Intangible assets comprise computer software licenses, which are with finite livesand are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with finite useful life are reviewed at every financial year end. Changes in the expected useful life or the expected petter of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method as appropriate, and are treated as changes in accounting estimates. the amortisation expense on intangible assets is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

The Company chooses to use the cost model for the measurement after recognition. Amortisation is calculated on a straight line basis over the useful lives as follows:

IES-Online Software	33%

2.11 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Property, plant and equipment are initially recorded at cost. Land is subsequently carried at revalued amount being the fair value at the date of revaluation,while buildings are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date.

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Any increase in an asset's carrying amount, as a result of revaluation is credited to other comprehensive income and accumulated in Revaluation Surplus within Revaluation reserves in equity. The increase is recognized in profit or loss to the extent that it reverses a decrease of the same asset previously recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in Profit or Loss and is provided on a straight-line basis over the estimated useful life of the assets.Depreciation methods, estimated useful lives and residual values are reviewed annually and adjusted when necessary. No depreciation is charged on property, plant and equipment until they are available for use. The average useful lives per class of asset are as follows:

Assets class		Average useful life
Land	-	Nil
Building under Construction	-	Nil
Buildings	-	2%
Machinery and equipment	-	20%
Motor vehicles	-	20%
Furniture and fittings	-	20%
Computer equipment	-	20%

(iv) De-recognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the year the asset is derecognized.

2.12 INSURANCE CONTRACT LIABILITIES

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts mayalso transfer financial risk when the insurer issues financial instruments with a discretionary participation feature.

(a) Types of Insurance Contracts

The Company classify insurance contracts into Life and Non - Life Insurance contracts

(I) Non - Life Insurance contracts

These are accident, property and casualty insurance contracts.

Accident and casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Non- life insurance contracts protect the Company's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

(2) Life insurance contracts
This contract insures event associated with human life.

(i) Non- life insurance contract premium and claims
For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks atthe reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

(ii) Life insurance contract premium and claims
Premiums are recognised as revenue when they become payable by the contract holders. Premium is shown before deduction of commission.

Claims and other benefits are recorded as an expense when they are incurred.

(iii) Salvage
Some non-life insurance contracts permit the Company to sell (usually damaged) property acquired in the process of settling a claim. The Company may also have the right to pursue third parties for payment of some or all costs of damages to its clients property (i.e. subrogation right). Salvage recoveries are used to reduce the claim expense when the claim is settled.

(iv) Subrogation
Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognized in other assets when the liability is settled and the Company has the right to receive future cash flow from the third party.

(v) Receivables and payables relating to insurance contracts
Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

2.13 INVESTMENT CONTRACT LIABILITIES

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts can be classified into interest linked and unitised fund. Interest linked investment contracts are measured at amortised cost while unutilised funds are measured at fair value. Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognized as liabilities. Interest accruing to the life assured from investment of the savings is recognized in the profit and loss account in the year it is earned while interest paid and due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the income statement of the Company.

(a) Technical Reserves

These are computed in compliance with provision of Section 20,21 and 22 of the Insurance Act 2003 as follows:

Reserve for unearned premium

In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

Reserve for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the reporting date. The IBNR is based on the liability adequacy test.

Reserve for Unexpired risks

A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR)”

(b) Life Insurance Contract Life fund

This made up of net liabilities on policies in force as computed by the actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in the statement of profit or loss.

The reserves include Incurred But Not Reported (IBNR) and unearned premium.

(c) Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests "the unexpired risk provision".

The provisions of the Insurance Act 2003 requires an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves.

d) Annuity contracts

These contracts insure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity benefits. However, there is a death benefit payable to named beneficiary if death occurs within the ten years guaranteed period. The annuity contracts are fixed annuity plans. Policy holders make a lump sum payment recognised as part of premium in the period when the payment was made. Constant and regular payments are made to annuitants based on terms and conditions agreed at the inception of the contract and throughout the life of the annuitants. The annuity funds are invested in money market instruments to meet up with the payment of monthly/quarterly annuity payments. The annuity funds liability is actuarially determined based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

e) Recognition and Measurement of Annuity Premium and Claims

Annuity premiums relate to single premium payments and are recognised as earned premium income in the period in which payments are received.

Claims are made to annuitants in the form of monthly/quarterly payments based on the terms of the annuity contract and charged to income statement as incurred. Premiums are recognised as revenue when they become payable by the contract holders.

2.14 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not, that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.15 RETIREMENT OBLIGATIONS AND EMPLOYEE BENEFITS

The Company operates the following contribution and benefit schemes for its employees:

(i) Defined contribution pension scheme

The Company operates a defined contribution scheme in line with Pension Reform Act, 2014. The employee and the Company contribute 8.5% and 10% of the employee total emoluments (basic, housing and transport allowances) respectively.The Company's contribution each year is charged against income and is included in staff cost. The Company has no further obligations once the contribution is paid to the respective employee Pension Fund Administrators.

(ii) Defined benefit gratuity scheme

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial positionis respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognised actuarial gains or losses and past services cost. The defined benefit obligation is calculated annually by independent actuaries.

2.16 INCOME TAX LIABILITIES

Income tax expense comprises current and deferred tax

(i) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity.

(ii) Deferred income tax

Deferred income tax is provided using liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and in relation to acquisitions on the difference between the fair values of the net assets acquired and their tax base.

However, deferred income tax is not recognized for:

(a) Temporary differences arising on the initial recognition of goodwill

(b) Temporary differences on the intial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

(c) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized when it is probable that future taxable profit will be available against which these temporary differences can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.17 SHARE CAPITAL AND PREMIUM

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Share premium accounts for the amount the Company raises in excess of par value.

2.18 CONTINGENCY RESERVE

(a) Non-Life Business

In accordance with section 20(1) of insurance Act 2003, the contingency reserve is credited with the higher of 3% of total premiums, or 20% of the profits. This shall be accumulated until it reaches the amount of the higher of minimum paid-up capital or 50 percent of net premium.

(a) Life Business

In accordance with section 22(1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

2.19 RETAINED EARNINGS

Retained earnings are the carried forward recognised income net of expenses plus current period profit or loss attributable to owners of the Company.

2.20' FVOCI RESERVE

FVOCI reserve comprises the cumulative net change in the fair value of the Group's investments categorised as Fair Value Through Other Comprehensive Income (FVTOCI). Net fair value movements are recycled to income statement if an investment categorized as Amortised Cost is either derecognized or impaired.

2.21 OTHER RESERVES - EMPLOYEE BENEFIT ACTUARIAL SURPLUS

Actuarial surplus/deficit on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from experience. The gains/losses for the year, net of applicable deferred tax assets/liability on employee benefit obligation, are recognized in other comprehensive income.

2.22 ASSET REVALUATION RESERVES

Subsequent to initial recognition, an item of property and equipment and, in certain circumstances, may be revalued to fair value. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognised in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which case it is recognised in income statement. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognised in profit or loss.

2.23 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.24 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Nigerian Naira (N), which is the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' or ' Other operating expenses'.

2.25 REVENUE RECOGNITION

Revenue comprises the fair value of services, net of value-added tax, after eliminating revenue within the Company. Revenue is recognized as follows:

(a) Rendering of services: Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered.

Recognition and Measurement of Insurance Contracts

i Gross premium written

Gross premiums on life and non-life are recognised as revenue when payable by the policy holder. For single premium business, revenue is recognised on the date on which the policy is effective.Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the component policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of businesses written in prior accounting periods.

ii Gross premium earned

Gross premium earned is stated at premium written on direct and indirect business after deducting premium relating to unexpired risks which is determined on time apportionment basis.

iii Net premium earned

Net premium represents total amount invoiced to policy holders less reinsurance and is recognized as an income from the date of attachment of risk.

iv Reinsurance premium

The Company cedes reinsurance in the normal course of business with retention limits varying by line of business for the purpose of limiting its net loss potential. Reinsurance arrangements however do not relieve the Company from its direct obligation to its policy holders. This is recognized as an expense or deduction from the gross premium and it relates to premium on business ceded on treaty and facultative and is recognized on part apportionment basis.

2.26 REINSURANCE EXPENSES

Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

2.27 FEES AND COMMISSION INCOME

Reinsurers and other insurance companies are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees for services provided in future periods, then they are deferred and recognised over those future periods.

2.28 CLAIMS AND LOSS ADJUSTMENT EXPENSES

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claim settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims.

Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

(a) Salvages

Some non-life insurance contracts permit the Company to sell (usually damaged) property acquired in the process of settling a claim.

The Company may also have the right to pursue third parties for payment of some or all costs of damages to its clients property (i.e. subrogation right).

Salvage recoveries are used to reduce the claim expenses when the claim is settled.

2.29 DEFICIT AND SURPLUS ON ACTURIAL VALUATION

Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising there from are charged to the profit or loss account while the surplus is appropriated to the shareholders and credited to the income statement.

2.30 UNDERWRITING EXPENSES

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contract.

(a) Commission expenses

Commission expenses are brokerage fees paid to brokers and agents which are certain percentages based on the class of business underwritten.

(b) Maintenance expenses

Maintenance expenses are expenses incurred in servicing existing policies/contract. These expenses are charged to the revenue account in the accounting period in which they are incurred.

2.31 INVESTMENT INCOME

Investment income includes interest, rental and dividend income received. Interest income is accounted for on a time proportionate basis that takes into account the effective yield on the asset and includes the net income earned from short term investments. Rental income on operating lease is recognised on a straight-line basis over the lease term.

Dividend income

Dividend income is recognized in profit or loss when the right to receive the dividend is established.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

(a) Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

(b) Calculation of interest income and expenses

The Company calculates interest income and expense by applying the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, then the Company reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Company calculates interest income by calculating the credit-adjusted effective interest rate and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(c) Presentation

Interest income and expenses presented in the profit or loss includes:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.
- interest on debt instruments measured at FVOCI calculated on an effective interest basis (if any).

Interest income and expense on all assets and liabilities measured at FVTPL are considered to be incidental to the Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in "net fair value gains/(losses)".

2.32 SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it can earn and incur expenses, including revenues and expenses that relate to transaction with any of the Company's other components, whose revenues and operating results are reviewed regularly by Executive Management to make decisions about the resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operatingsegments are allocated to the segment concerned while indirect costs are allocated based on the benefits derived from such costs.

2.33 CONTINGENT LIABILITIES

These are Possible obligations of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company and present obligations of the Company where it is probable that an outflow of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, which are not recognized in the Company's statement of financial position but are disclosed in the notes to the Financial statements.

Possible assets of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control or the Company, are not recognized in the Company's statement of financial position and are only disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

ASSETS	NOTES	2020	2019
		N'000	N'000
Cash and cash equivalents	3	5,411,672	4,355,756
Financial Assets:			
- At fair value through profit or loss	4.1	943,972	769,116
- At fair value through other comprehensive income	4.2	311,535	311,535
- At amortised cost	4.3	4,338,180	3,780,224
Trade receivables	5	116,600	70,788
Reinsurance assets	6	2,920,493	2,328,298
Deferred acquisition costs	7	395,982	185,725
Other receivables and prepayments	8	295,615	575,567
Investment properties	9	3,192,700	3,230,500
Statutory deposit	10	535,150	535,150
Intangible asset	11	519	1,019
Property, plant and equipment	12	2,074,320	2,366,601
Total Assets		20,536,738	18,510,279
Liabilities And Shareholders' Funds			
Liabilities			
Insurance contract liabilities	13	8,272,556	6,696,038
Investment contract liabilities	14	926,561	854,888
Trade payables	15	847,083	821,270
Other payables and accruals	16	594,183	421,360
Retirement Benefit Obligations	17	1,606,020	1,143,649
Income tax liabilities	18	388,993	416,199
Deferred tax liabilities	19	99,110	177,534
Total Liabilities		12,734,506	10,530,938
Equity			
Share capital	20	3,667,172	3,667,172
Share premium	21	940,612	940,612
Deposit for shares	21.1	400,000	-
Statutory contingency reserve	22	2,078,397	1,872,909
Retained earnings	23	844,860	737,708
Fair value through other comprehensive income reserve	24	458,098	458,098
Assets revaluation reserve	25(a)	-	623,061
Reserve on actuarial valuation of gratuity	25(b)	(586,907)	(320,219)
Shareholders' Funds		7,802,232	7,979,341
Total Liabilities And Shareholders' Funds		20,536,738	18,510,279

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2021 and signed on its behalf by:

Akinwale Sofile	Segun Balogun	Olateju Philips
Chief Financial Officer	Managing Director/CEO	Chairman
FRC/2012/ICAN/000000000494	FRC/2013/CIIN/00000002288	FRC/2013/IODN/00000002517

The accounting policies on pages 5 to 33, notes on pages 38 to 85 and other national disclosures on pages 86 to 89 form an integral part of these financial statements.

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020	2019
		N'000	N'000
Gross premium written	26	10,937,805	9,341,528
Unearned premium	26	27,662	407,298
Gross premium income		10,965,467	9,748,826
Reinsurance expenses	28	(3,952,248)	(3,845,320)
Net premium income		7,013,219	5,903,506
Fees and Commission income	29	1,034,914	807,820
Net underwriting income		8,048,133	6,711,326
Claims expenses (net)	30	3,246,047	2,171,915
Underwriting expenses	31	2,591,730	2,060,637
Changes in Life fund	13.2(d)	29,853	(82,409)
Changes in annuity fund	13.2(f)	204,574	262,499
Total underwriting expenses		6,072,204	4,412,642
Underwriting profit		1,975,929	2,298,684
Investment income	32	552,247	736,360
Fair value loss on assets	33	122,556	(181,960)
Impairment of other assets	8(f)	(50,207)	(48,854)
Gain on investment contract liabilities	35	6,208	61,760
Other income	34	1,001,992	219,312
Management expenses	36	(2,900,391)	(2,742,839)
(Allowance)/write back of expected credit losses	37	(11,898)	5,307
Profit before taxation	39	696,436	347,770
Information Technology Development Levy	18	(6,895)	(3,443)
Income tax	18	(10,184)	(28,582)
Profit for the year		679,357	315,745
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Fair value gain on financial assets at FVOCI	24	-	7,565
Items that will not be classified to profit or loss:			
Revaluation (loss)/surplus on property,plant and equipment	25(a)	(695,812)	53,867
Actuarial losses on gratuity	25(b)	(266,688)	(320,219)
Other comprehensive loss		(962,500)	(258,787)
Total comprehensive (loss)/income for the year		(283,143)	56,958
Earnings per share : Basic/diluted (kobo)	40	9.3	4.3

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LASACO ASSURANCE PLC

Statement of Changes in Equity

for the year ended 31 December 2020

	Share capital	Share premium	Deposit for shares	Contingency reserve	FVOCI Reserve	Asset revaluation reserve	Reserve on actuarial valuation of Gratuity	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January, 2020	3,667,172	940,612	-	1,872,909	458,098	623,061	(320,219)	737,708	7,979,341
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	679,357	679,357
Transfer to contingency reserve	-	-	-	205,488	-	-	-	(205,488)	-
Dividend paid during the year	-	-	-	-	-	-	-	(366,717)	(366,717)
Changes in valuation of gratuity	-	-	-	-	-	-	(266,688)	-	(266,688)
Changes in valuation of land and building	-	-	-	-	-	(623,061)	-	-	(623,061)
Deposit for shares	-	-	400,000	-	-	-	-	-	400,000
Balance 31 December, 2020	3,667,172	940,612	400,000	2,078,397	458,098	-	(586,907)	844,860	7,802,232
Balance 1 January, 2019	3,667,172	940,612	-	1,652,502	450,533	569,194	-	1,009,235	8,289,248
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	315,745	315,745
Transfer to contingency reserve	-	-	-	220,407	-	-	-	(220,407)	-
Fair value gain on FVOCI	-	-	-	-	7,565	-	-	-	7,565
Changes in valuation of gratuity	-	-	-	-	-	-	(320,219)	-	(320,219)
Changes in valuation of land and building	-	-	-	-	-	53,867	-	-	53,867
Dividend paid during the year	-	-	-	-	-	-	-	(366,865)	(366,865)
Balance 31 December, 2019	3,667,172	940,612	-	1,872,909	458,098	623,061	(320,219)	737,708	7,979,341

The accounting policies on pages 5 to 33, notes on pages 38 to 85 and other national disclosures on pages 86 to 89 form an integral part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
Cash flows from Operating Activities:	Notes	N'000	N'000
Premium received from policy holders		10,891,993	9,673,430
Premium received from deposit administration	14	308,058	317,125
Deposit premium	15	496,579	505,967
Reinsurance Premium Paid	28	(3,805,848)	(3,328,709)
Fees and Commission Received	29(a)	972,588	837,574
Direct Claims Paid	30	(4,289,616)	(2,695,505)
Deposit Administration withdrawals	14	(265,850)	(261,649)
Claims Received from Reinsurers	30(c)	1,674,727	831,842
Rental Income	34	7,073	8,700
Commission Paid	31(a)	(1,303,413)	(1,198,329)
Maintenance expenses Paid	31(c)	(1,498,574)	(1,048,033)
Cash paid to and on behalf of employees	36(a)	(1,429,702)	(1,391,027)
Other operating income received/(expenses paid)		42,708	(700,870)
Company income tax paid	18(a)	(44,285)	(60,841)
Net cash generated from operating activities	42	1,756,438	1,489,675
Cash flows from Investing Activities:			
Proceeds from Redemption of Bonds	4.3(a)	191,152	182,605
Proceeds from Redemption of other amortized cost	4.3(d)	2,960,557	1,354,295
Purchase of financial assets at amortized cost	4.3(a)(d)	(3,605,594)	(1,287,090)
Investment Income received	32	436,576	594,329
Acquisition of Investment properties	9	(14,500)	(7,483)
Acquisition of property, plant and equipment	12	(703,869)	(652,734)
Proceeds from disposal on PPE	38	1,873	1,371
Net cash (outflow)/inflow from investing activities		(733,805)	185,293
Cash flow from financing activities			
Deposit for shares	21.1	400,000	-
Dividends paid to equity holders of the parent	23	(366,717)	(366,865)
Net cash outflow from financing activities		33,283	(366,865)
Total cash inflow		1,055,916	1,308,103
Cash and cash equivalents at beginning of the year		4,355,756	3,047,653
Cash and cash equivalents at year end		5,411,672	4,355,756
Represented by:			
Cash and cash equivalents at year end	3	5,411,672	4,355,756

The accounting policies on pages 5 to 33, notes on pages 38 to 85 and other national disclosures on pages 86 to 89 form an integral part of these financial statements.

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3. Cash and Cash Equivalents

	2020	2019
	N'000	N'000
Cash - petty cash	119	89
Balances with Local banks	1,462,495	656,477
Placement with banks	3,969,034	3,688,915
Placement with other institutions	-	24,926
	5,431,648	4,370,407
Allowance for credit losses (Note 3(a))	(19,976)	(14,651)
Total cash and cash equivalents	5,411,672	4,355,756
Current	5,411,672	4,355,756
Non-current	-	-

Short-term deposits are made for varying periods averaging between 1 - 90 days depending on the immediate cash requirements of the Company. All deposits are subject to an average interest rate of 3.33%. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

(a) Allowance for credit losses	N'000	N'000
Balance at the beginning of the year	14,651	24,034
Allowance/(write back) of credit losses (Note 37)	5,325	(9,383)
Balance at the end of the year	19,976	14,651

4. Financial Assets

The Company's financial assets are summarized by categories as follows:

	N'000	N'000
Fair value through profit or loss (Note 4.1)	943,972	769,116
Fair value through other comprehensive income (Note 4.2)	311,535	311,535
Financial assets at amortized cost (Note 4.3)	4,338,180	3,780,224
	5,593,687	4,860,875
Current	-	-
Non- current	5,593,687	4,860,875
	5,593,687	4,860,875

4.1 Financial assets at fair value through profit or loss

	N'000	N'000
Balance at the beginning of the year	769,116	673,823
Fair value gain/(loss) (Note 33)	174,856	(95,206)
Reclassification of shares from FVOCI (Note 4.2(b))	-	193,770
Charge of Impairment losses (Note 33)	-	(3,271)
Balance at the end of the year	943,972	769,116

(a) Fair value through profit or loss

Management valued the Company's quoted investments at market value which is a reasonable measurement of fair value since the prices of the shares are quoted in an active market. The instruments are measured and evaluated on a fair value basis and fair value is determined by reference to published price quotations in an active market -classified as level 1 inthe fair value hierarchy.

4.2 Fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investments:

Equity securities	2020	2019
Fair value	N'000	N'000
Energy & Allied Insurance Pool	119,153	119,153
Nigeria Liability Insurance Pool	39,519	39,519
WAICA Reinsurance Co. Limited	95,236	95,236
Health Care International	57,627	57,627
	311,535	311,535

(b) Equity instrument measured at fair value through other comprehensive income

	N'000	N'000
Balance at the beginning of the year	311,535	497,740
Fair value gains (Note 24)	-	7,565
Reclassification to FVTPL (Note 4.1)	-	(193,770)
Balance at the end of the year	311,535	311,535

(c) Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognize as FVOCI. These are strategic investments and the Company considers this classification to be more relevant.

The fair value gains in the carrying amount of financial assets at fair value through other comprehensive income (FVOCI) are recognized in other comprehensive income and accumulated under the heading of "Fair value through other comprehensive income reserve".

4.3 Financial assets at amortized cost	N'000	N'000
Bonds (Note 4.3(a))	3,271,750	456,904
Fixed deposits and Treasury bills (Note 4.3(d))	1,066,430	3,323,320
	4,338,180	3,780,224

(a) Bonds	N'000	N'000
Balance at the beginning of the year	456,904	640,416
Purchases during the year	3,011,768	-
	3,468,672	640,416
Disposal during the year	(191,152)	(182,605)
Allowance for credit losses (Note 4.3(e))	(5,770)	(907)
Balance at the end of the year	3,271,750	456,904

(b) Breakdown of the bonds	Maturity date	Coupon Rate	Frequency	N'000	N'000
Lagos State Bond	January 2030	12.25%	Half yearly	55,000	-
Federal Goverment Bond	January 2026	12.50%	Half yearly	1,044,007	-
Lagos State Bond	November 2020	14.50%	Half yearly	-	45,840
Federal Goverment Bond	April 2023	12.75%	Half yearly	1,833,331	59,991
Federal Goverment Bond	February 2023	15.54%	Half yearly	-	49,992
Federal Goverment Bond	February 2023	15.54%	Half yearly	-	34,915
Federal Goverment savings Bond	July 2021	14.50%	Half yearly	132,752	-
Lagos State Bond	December 2023	16.50%	Half yearly	201,493	249,329
Ondo State Bond	February 2021	15.50%	Half yearly	5,167	5,719
Sukuk Bond	February 2021	14.75%	Half yearly	-	11,118
				3,271,750	456,904

(c) The bonds were issued at par with no discount and they are redeemable at par on their respective due dates. Based on all these facts, management is of the opinion that the fair values of these bonds are equal to their face values.

	2020	2019
(d) Fixed deposits and Treasury bills	N'000	N'000
Balance at the beginning of the year	3,323,320	3,252,682
Additions during the year	593,826	1,287,090
Liquidation during the year	(2,960,557)	(1,354,295)
Interest earned (Note 32)	115,671	142,031
Allowance for credit losses (Note 4.3(e))	(5,830)	(4,188)
Balance at the end of the year	1,066,430	3,323,320

(e) Allowance for credit losses on financial assets at amortized cost:	Bond	Fixed deposits and Treasury bills	Total
	N'000	N'000	N'000
At 1 January 2019	4,534	(4,960)	(426)
Movement during the year(Note 37)	(5,441)	772	(4,669)
At 31 December 2019	(907)	(4,188)	(5,095)
Movement during the year(Note 37)	(4,863)	(1,642)	(6,505)
At 31 December 2020	(5,770)	(5,830)	(11,600)

	2020	2019
5 Trade Receivables	N'000	N'000
Premium Receivable (Note 5(a))	116,600	70,788
(a) Analysis of Trade Receivables	N'000	N'000
Amount due from Insurance Brokers	116,600	70,788
Current	116,600	70,788
Non-current	-	-

(b) The Company's policy in line with the provisions of "No Premium, No Cover" on impairment of trade receivables recognizes trade receivables from Brokers only. Such receivables should not exceed a period of 30 days.

(c) Trade receivables are receivables from insurance contracts as at the year end from brokers, Co-insurers and Reinsurers. The receivables have been collected subsequent to the year ended 31 December 2020.

6 Reinsurance Assets	N'000	N'000
Reinsurance share of UPR (Note 6.1)	469,562	615,962
Reinsurance share of IBNR (Note 6.2)	1,053,836	1,120,597
Reinsurance share of Outstanding Claim recoverable (Note 6.3)	1,397,095	591,739
	2,920,493	2,328,298
Current	2,920,493	2,328,298
Non-current	-	-

6.1 Reinsurance share of UPR	N'000	N'000
Balance at the beginning of the year	615,962	1,132,573
Paid to reinsurance during the year (Note 28)	3,805,848	3,328,709
Movement during the year (Note 28)	(3,952,248)	(3,845,320)
Balance at the end of year	469,562	615,962

		2020	2019
6.2	Reinsurance share of IBNR	N'000	N'000
	Balance at the beginning of the year	1,120,597	481,296
	Movement during the year (Note 30(c))	(66,761)	639,301
	Balance at the end of year	1,053,836	1,120,597
6.3	Reinsurance share of Outstanding Claim recoverable	N'000	N'000
	Balance at the beginning of the year	591,739	676,465
	Movement during the year (Note 30(c))	805,356	(84,726)
	Balance at the end of year	1,397,095	591,739
(a)	Breakdown of Reinsurance assets:	N'000	N'000
	Prepaid reinsurance assets	450,162	602,003
	AURR	19,400	13,959
	Total prepaid reinsurance assets	469,562	615,962
	Outstanding claims recoverable	1,397,095	591,739
	IBNR	1,053,836	1,120,597
	Total Outstanding claims	2,450,931	1,712,336
	Total Reinsurance assets	2,920,493	2,328,298

(b) There were no indicators of impairment for re-insurance assets. Therefore, no impairment allowance is required in respect of these assets. The carrying amounts disclosed above is in respect of the reinsurance contracts which approximate the fair value at the reporting date.

7	Deferred acquisition costs	N'000	N'000
	Balance at the beginning of the year	185,725	128,579
	Commission paid during the year (Note 31(a))	1,303,413	1,069,750
	Total Commission paid during the year	1,489,138	1,198,329
	Amortized acquisition cost during the year (Note 31(a))	(1,093,156)	(1,012,604)
	Balance at the end of the year (Note 7(a))	395,982	185,725
(a)	Analysis of deferred acquisition per class:	N'000	N'000
	Fire	63,871	17,720
	Accident	37,398	27,044
	Motor vehicle	57,551	27,909
	Aviation	11,506	1,761
	Oil & Gas	94,245	6,072
	Marine	36,527	6,951
	Bond	1,580	8,621
	Engineering	27,604	30,528
	Group Life	65,700	59,119
		395,982	185,725
	Current	395,982	185,725
	Non-current	-	-

		2020	2019
8	Other receivables and prepayments	N'000	N'000
	Prepaid rent (Note 8(a))	10,260	13,650
	Staff Loan (Note 8(b))	40,262	49,363
	Premium for general business treaty	-	13,287
	Policy Loan	16,625	14,357
	Due from Media View Limited	232,889	232,889
	Deposit for Land	30,000	30,000
	Stock Brokers' current accounts	2,595	2,595
	Other receivables (Note 8(c))	62,045	268,280
	Impairment of other assets - receivables due from Media View Ltd (Note 8(f))	(99,061)	(48,854)
		295,615	575,567
		N'000	N'000
	Current	161,787	391,532
	Non-Current	133,828	184,035
		295,615	575,567

			Restated
(a)	Prepaid rent	N'000	N'000
	Balance at the beginning of the year (2019 : Restated)(Note 49(a))	13,650	22,897
	Rent paid during the year	22,157	15,824
	Amortised rent during the year (Note 36(b))	(25,547)	(25,071)
	Balance at the end of the year	10,260	13,650

(b)	Staff loans	N'000	N'000
	Balance at the beginning of the year	49,363	64,914
	Additions during the year	4,905	5,677
	Repayment during the year	(13,979)	(21,207)
	Expected credit loss (Note 8(e))	(27)	(21)
	Balance at the end of the year	40,262	49,363

(c)	Other receivables	N'000	N'000
	Sundry debtors	13,103	14,711
	Advance payment to vendors	25,000	-
	Deposit for furniture (Note 8(d))	-	249,040
	Interest receivables	24,139	4,664
	Expected credit loss (Note 8(g))	(197)	(135)
		62,045	268,280

			Restated
(d)	Deposit for furniture	N'000	N'000
	Balance at the beginning of the year (2019 : Restated)(Note 49(a))	249,040	192,500
	Additions during the year	-	56,540
	Furniture received and capitalised during the year	(249,040)	-
	Balance at the end of the year	-	249,040

(e)	Expected credit loss on staff loans	N'000	N'000
	Balance at the beginning of the year	21	614
	Allowance/(write back) of credit loss during the year	6	(593)
	Balance at the end of the year	27	21

(f)	Expected credit loss on other assets	N'000	N'000
	Balance at the beginning of the year	48,854	-
	Addition during the year	50,207	48,854
	Balance at the end of the year	99,061	48,854

(g)	Expected credit loss on other receivables	N'000	N'000
	Balance at the beginning of the year	135	135
	Addition during the year	62	-
	Balance at the end of the year	197	135

		2020	2019
9	Investment Properties	N'000	N'000
	Balance at the beginning of the year	3,230,500	3,306,500
	Addition during the year	14,500	7,483
	Fair value loss (Note 33)	(52,300)	(83,483)
	Balance at the end of the year	3,192,700	3,230,500

(a) Carrying amount of investment properties

Carrying amount of investment properties	Status of Title	Balance at the begining of the year	Additions	Fair value changes	Carrying amount
		N'000	N'000	N'000	N'000
Building at Custom Street Kakawa/Marina CBD Lagos Island	Certificate of Occupancy	1,800,000	4,054	(44,054)	1,760,000
Plot A1, Block G, CBD CIPM Road Alausa Lagos	Perfected	910,000	-	40,000	950,000
2 Plots of Land at Aponloju Close Off Engr. Adetoro Road Lekki (Ojomu Family Land)	Deed of Assignment	50,000	-	-	50,000
Block 8 Plot 2 & 3 River View Devt Scheme Ii Isheri, Ogun State	Deed of Assignment	30,000	-	(6,000)	24,000
Landed Property At Chume Nwosu Street, Off Badore Ajah, Lagos	Deed of Assignment	19,000	-	4,000	23,000
3 Plots Of Land At Okun Alfa Beach, Lekki Peninsula, Lekki Phase 1	Deed of Assignment	62,000	8,396	(10,396)	60,000
Block 24, Flats 1, 2 & 5 MKO Abiola Gardens, Alausa Ikeja, Lagos	LSDDC Letter of Allocation	94,000	-	(15,000)	79,000
Plot 122, Association Avenue, Dolphin Estate, Ikoyi, Lagos	Title Deed	90,000	-	(10,000)	80,000
4 Plots Of Land And 5 Blocks Of Flat At Next Estate, Mowe Ogun State	Deed of Assignment	67,500	-	11,200	78,700
Flat 1, 2, 3, 4, 7 & 8 Cluster 2 Choice Estate Abijo, GRA Ibeju Lekki, Lagos	Letter of Allocation	108,000	2,050	(22,050)	88,000
		3,230,500	14,500	(52,300)	3,192,700

(b) Investment properties are held at fair value which has been determined based on valuations performed by independent valuation experts, Fola Oyekan & Associates and Oletubo & Co (Estate Surveyors & Valuers) as at 31 December 2020. The Valuers Fola Oyekan and Oletubo are registered with Financial reporting Council of Nigeria with registration Number FRC/2012/NIESV/00000000450 and FRC/2013/NIESV/00000001693 respectively.

(c) The valuers are the industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between knowledgeable, willing buyers and knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the statement of comprehensive income.

(d) This is an investment in land and building held primarily for generating income or capital appreciation and occupied substantially for use in the operations of the Company. This is carried in the statement of financial position at their market value.

(e) The nature of additions to investment properties during the year ended 31 December 2020 are as stated below:

	N'000
Constrution of fence at Kakawa building	4,054
Survey plan and construction of fence at Okun Alfa Beach	8,396
Construction of fence at Chois Estate Abijo	2,050
	14,500

		2020	2019
10	Statutory deposit	N'000	N'000
	Non- life Business	320,150	320,150
	Life Business	215,000	215,000
		535,150	535,150
	Current	-	-
	Non-Current	535,150	535,150

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9(1) and Section 10(3) of the Insurance Act 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at amortized cost.

11	Intangible asset		
	Cost	N'000	N'000
	At 1 January	14,128	14,128
	Addition	-	-
	31 December	14,128	14,128
	Amortization		
	At 1 January	13,109	12,628
	Amortization during the year	500	481
	31 December	13,609	13,109
	Carrying amount:		
	31 December	519	1,019

(a) The only intangible asset of the Company was a software named "IES' used in posting the business transactions of the Company. The cost is amortized over the period of three years which is in line with the Company's policy.

(b) The addition to Intangible asset in prior year occurred in respect of upgrade to the new version of Insurance Enterprise Software (IES).

12 Property, plant and equipment

Cost/Valuation	Building under Construction	Land	Building	Furniture fittings & Equipment	Motor Vehicles	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2019	847,792	140,000	310,000	467,939	865,426	2,631,157
Additions	544,328	-	-	24,934	83,472	652,734
Disposals	-	-	-	(192)	(16,320)	(16,512)
Revaluation Surplus (Note 25(a))	-	50,000	-	-	-	50,000
At 31 December 2019	1,392,120	190,000	310,000	492,681	932,578	3,317,379
At 1 January 2020	1,392,120	190,000	310,000	492,681	932,578	3,317,379
Additions	186,416	-	-	285,329	232,124	703,869
Reclassification	(1,578,536)	-	1,493,233	85,303	-	-
Disposals	-	-	-	-	(29,000)	(29,000)
Revaluation surplus/(loss)(Note 25(a))	-	15,997	(800,233)	-	-	(784,236)
At 31 December 2020	-	205,997	1,003,000	863,313	1,135,702	3,208,012
Accumulated depreciation		-				
At 1 January 2019	-	-	-	376,474	514,472	890,946
Charge for the year	-	-	8,867	24,804	51,540	85,211
Disposals	-	-	-	(192)	(16,320)	(16,512)
Revaluation Surplus (Note 25(a))	-	-	(8,867)	-	-	(8,867)
At 31 December 2019	-	-	-	401,086	549,692	950,778
At 1 January 2020	-	-	-	401,086	549,692	950,778
Charge for the year	-	-	10,000	79,381	132,533	221,914
Disposals	-	-	-	-	(29,000)	(29,000)
Revaluation Surplus (Note 25(a))	-	-	(10,000)	-	-	(10,000)
At 31 December 2020	-	-	-	480,467	653,225	1,133,692
Carrying amounts at:						
31 December 2020	-	205,997	1,003,000	382,846	482,477	2,074,320
31 December 2019	1,392,120	190,000	310,000	91,595	382,886	2,366,601

(i) Building under Construction represents amount incurred on the renovation of the Company's Head Office Complex located at Plot 16, Acme Road Ogba Lagos. The sum of N1.58 billion has been incurred as at 31 December 2020 (2019: N1.39billion). The value of the building under construction of N1.58 has been reclassified to building (N1.49billion) and Furniture and fittings (N85.3million) upon completion of the construction.

(ii) The net reclassification of N262.3million represents advance payment made to vendor for supply of furniture in the prior year which were delivered in the current year.

(ii) Land and building were professionally valued as at 31 December 2020 by Messrs Fola Oyekan & Associates (Estate Surveyors and Valuers) under the signature of ESV Eniola Adediran FRC/2012/NIESV/ 000000000450 on the basis of their open market values. The revised value of the land and building were N205,997,000 and N1,003,000 respectively resulting in a net loss on revaluation of N784,236,000 which has been debited to the property, plant and equipment revaluation account.

(iii) The re-valued property is the Company's Head Office building located at Plot 16, Acme Road, Ogba Industrial Estate, Ikeja, Lagos.

(iv) The Company had no capital commitments as at the statement of financial position date (2019: Nil). As at the reporting date land is being carried at revalued amount.

(v) No impairment loss was recognised on the Company's property plant and equipment at the end of the year (31 December 2019:Nil).

		2020	2019
13	Insurance Contract Liabilities	N'000	N'000
	General Business(Note 13.1)	3,557,654	3,033,931
	Life Business(Note 13.2)	4,714,902	3,662,107
		8,272,556	6,696,038

The firm Ernst & Young (Formally HR Nigeria Limited), an actuarial service organization did the valuation of Insurance Contract Liabilities for the reporting year. The actuarial valuation reports were authorized by Mr. Okpaise Olurotimi, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number FRC/2012/NAS/00000000738.

13.1	General Business insurance contract liabilities	N'000	N'000
	Outstanding claims provisions(Note 13.1(a))	1,623,216	1,136,648
	Claims incurred but not reported(IBNR) (Note 13.1(b))	905,661	768,426
	Unearned premium(Note 13.1(c))	1,028,777	1,128,857
		3,557,654	3,033,931
(a)	Outstanding claims provisions		
	Movement in outstanding claims provision	N'000	N'000
	Balance at the beginning of the year	1,136,648	1,316,478
	Claims incurred in the year	2,547,170	781,887
	Claims paid during the year	(2,060,602)	(961,717)
	Balance at the end of the year	1,623,216	1,136,648

(b)	Claims incurred but not reported(IBNR)		
	Movement in IBNR provision	N'000	N'000
	Balance at the beginning of the year	768,426	660,899
	Movement during the year	137,235	107,527
	Balance at the end of the year	905,661	768,426

		1 January 2020	Movement	31 December 2020
(c)	Unearned premium -General Business	N'000	N'000	N'000
	Fire	90,532	57,675	148,207
	Accident	135,293	65,977	201,270
	Motor vehicle	222,032	(31,251)	190,781
	Marine	34,959	20,095	55,054
	Aviation	9,105	12,386	21,491
	Bond	51,375	125,881	177,256
	Engineering	169,663	(18,272)	151,391
	Oil and gas	415,898	(332,571)	83,327
		1,128,857	(100,080)	1,028,777

These provisions represent the liability for general business insurance contracts for which the Company's obligations have not expired at year end. The unearned premium provision relates to the causality insurance contracts for which the Company expects to pay claims in excess of the related unearned premium provision.

(d) Age Analysis of outstanding claims

The Age Analysis of Outstanding Claims for Non Life in thousands of Nigerian Naira as at 31 December 2020 is as follows:

	Pending substantiating documents	Related to awaiting adjusters' report	Discharge vouchers not returned by the customers	2020 'Total	2019 'Total
	N'000	N'000	N'000	N'000	N'000
0 - 90 days	476,173	-	-	476,173	170,044
91 - 180 days	3,449	-	-	3,449	234,578
181 - 270 days	143,868	-	-	143,868	28,447
270 - 365 days	42,684	-	-	42,684	258,742
365 days and above	957,042	-	-	957,042	444,837
	1,623,216	-	-	1,623,216	1,136,648

	2020	2019
13.2 Life Business- Insurance contract liabilities	N'000	N'000
Group Life Fund(Note 13.2(a))	3,546,755	2,728,387
Individual Life Fund (Note 13.2(d)	79,921	50,068
	3,626,676	2,778,455
Annuity Life Fund (Note 13.2(f)	1,088,226	883,652
	4,714,902	3,662,107

(a) Group Life Fund	N'000	N'000
Unearned premium	650,464	584,615
AURR	24,913	18,344
Total unearned premium	675,377	602,959
Outstanding claims	1,029,541	437,174
Incurred But not Reported(IBNR)	1,841,837	1,688,254
	2,871,378	2,125,428
	3,546,755	2,728,387

(b) Movement in Group Life Fund	Unearned premium	Outstanding claims	IBNR	Total
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	602,959	437,174	1,688,254	2,728,387
Movement during the year	72,418	592,367	153,583	818,368
Balance at the end of the year	675,377	1,029,541	1,841,837	3,546,755

(c) The Age Analysis of Outstanding Claims for Life in thousands of Nigerian Naira as at 31 December 2020 is as follows:

	Pending substantiating documents	Related to awaiting adjusters' report	Discharge vouchers not returned by the customers	2020 'Total	2019 'Total
	N'000	N'000	N'000	N'000	N'000
0 - 90 days	417,893	-	-	417,893	265,674
91 - 180 days	1,928	-	-	1,928	2,462
181 - 270 days	361,376	-	-	361,376	200
270 - 365 days	-	-	-	-	600
365 days and above	248,344	-	-	248,344	168,238
	1,029,541	-	-	1,029,541	437,174

		2020	2019
(d)	Individual Life Fund	N'000	N'000
	Balance at the beginning of the year	50,068	132,477
	Movement during the year	29,853	(82,409)
	Balance at the end of the year	79,921	50,068
(e)	Health Insurance Fund	N'000	N'000
	Balance at the beginning of the year	-	17,913
	Charged to income statement	-	(17,913)
	Balance at the end of the year	-	-
(f)	Annuity Fund	N'000	N'000
	Balance at the beginning of the year	883,652	621,153
	Changes in annuity fund	204,574	262,499
	Balance at the end of the year	1,088,226	883,652
		N'000	N'000
	Current Annuity	1,088,226	883,652
	Deferred Annuity	-	-
14	Investment Contract Liabilities	N'000	N'000
	Balance at the beginning of the year	854,888	790,984
	Deposit during the year	308,058	317,125
	Withdrawal during the year	(265,850)	(261,649)
		897,096	846,460
	Guaranteed interest (Note 35)	17,275	38,091
	Actuarial adjustment on investment contract liabilities (Note 35)	12,190	(29,663)
	Balance at the end of the year	926,561	854,888
		N'000	N'000
	Current	926,561	854,888
	Non-current	-	-

		2020	2019
15	Trade Payables	N'000	N'000
	Reinsurance premium payable	65,726	74,434
	Co-Insurance premium payable	188,771	82,536
	Premium Deposit (Note 15(b))	496,579	505,967
	Deferred Commission (Note 15(c) and Note29(a))	96,007	158,333
		847,083	821,270
	Current	847,083	821,270
	Non - current	-	-

(a) Trade payable represents premium payable to both reinsurance companies and brokers. The carrying amounts disclosed above approximate fair value at the reporting date. The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year.

(b) Premium deposit represents payment received in advance from clients in respect of future insurance contracts.

(c)	Deferred commission income	N'000	N'000
	General Accident	16,968	9,417
	Engineering	17,877	15,840
	Fire	16,224	9,956
	Marine	5,298	3,058
	Motor	4,654	158
	Aviation	-	-
	Bond	17,330	4,878
	Oil and Gas	3,238	11,937
	Group Life	14,418	103,089
		96,007	158,333

Deferred commission relates to the unearned portion of commission income from reinsurance transactions.

16	Other Payables	N'000	N'000
16.1	Accruals (Note 16(a))	127,338	111,558
	Unclaimed Dividend payable (Note 16(b))	268,626	268,626
	Other creditors	182,266	27,987
	Payable on Cooperative scheme	15,953	13,189
		594,183	421,360

The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year.

(a)	Accruals	N'000	N'000
	Audit fees	6,338	5,200
	NAICOM Levy	115,000	93,358
	Other Consultancy fees	6,000	13,000
		127,338	111,558

(b) Unclaimed Dividend Payable

This represents Unclaimed Dividend returned to the Company by Apel Capital & Trust Limited for investment as required by Securities and Exchange Commission.

	2020	2019
	N'000	N'000
Balance at the beginning of the year	268,626	175,945
Refund from Registrar	-	92,681
Balance at the end of the year	268,626	268,626

17 Retirement Benefit Obligations

The Company has a defined benefit gratuity scheme covering its entire employees who have spent a minimum number of five years continuous service. The scheme is funded, therefore, no contribution is made to any fund.

(a) The amounts recognized in the income statement as Management expenses are as follows:

	N'000	N'000
Current service cost	111,902	72,727
Interest cost on benefit obligations	163,894	99,544
	275,796	172,271

(b) The amounts recognized in the statement of financial position at the reporting date are as follows:

	N'000	N'000
Present value of the defined benefit obligations		
Total defined benefit obligations	1,606,020	1,143,649

(c) <u>Reconciliation of change in benefit obligation</u>

The movement in the defined benefit obligations is as follows:	N'000	N'000
Balance at the beginning of the year	1,143,649	665,149
Current service cost	111,902	72,727
Interest cost	163,894	99,544
Benefits paid	(80,113)	(13,990)
Amount recognized in other comprehensive income(Note 17(d)	266,688	320,219
Balance at the end of the year	1,606,020	1,143,649

	N'000	N'000
Current	-	-
Non - Current	1,606,020	1,143,649

(d) <u>Statement of other comprehensive income (OCI)</u>

Actuarial losses on liability during the year due to:	N'000	N'000
- Changes in assumptions	375,892	(132,264)
- Experience adjustment	(109,204)	452,483
Amount recognized in other comprehensive income (Note 25(b))	266,688	320,219

18 Taxation

		Restated
(a) Per Statement of Financial Position	N'000	N'000
Balance at the beginning of the year (2019 : restated)(Note 49(b))	416,199	450,809
Income tax for the year	10,149	22,788
Information Technology Development Levy (Note 18(d))	6,895	3,443
Police Fund Levy	35	-
Payment during the year	(44,285)	(60,841)
Balance at the end of the year	388,993	416,199

(b) Per Income Statement	N'000	N'000
Income tax	8,324	-
Minimum tax	1,825	22,788
Police Fund Levy	35	-
Deferred tax (Note 19 (i))	-	5,794
	10,184	28,582
Information Technology Levy	6,895	3,443
	17,079	32,025

(c) Profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2020	2019
	N'000	N'000
Profit before income tax	696,436	347,770
Tax calculated at the corporate tax rate	208,931	104,331
Effect of:		
Effect of other income not exempted from taxation	(2,245,500)	(45,637)
Effect of expenses that are not deductible in determining taxation profit	1,664,592	69,244
Effect of other expenses that are tax deductible in determining taxable profit	-	(103,045)
Total loss as per income tax computations	385,479	-
Effect of Information technology tax levy	6,896	3,443
National Information Tech Dev Fund Levy paid	(1,130)	-
Tertiary education tax	1,294	
Minimum tax	8,727	22,788
Balancing Charge	562	
Effect of Capital allowance on income tax	(12,937)	(33,000)
Effect of Deferred tax	-	5,794
Police Fund Levy	35	-
Total income tax expense in income statement	16,949	23,918
Effective tax rate	0.02	0.07

(i) The tax rate used for 2020 and 2019 reconciliation above is the corporate tax rate of 30% and 2% for tertiary education tax payable by corporate entities in Nigeria on taxable profits under tax laws in the Country, for the year ended 31 December 2020.

(ii) Tax charge for the year is based on minimum tax determined in accordance with the provisions of Companies Income Tax Act (CITA), CAP C21 LFN 2004 (as amended).

(d) Information Technology Development Levy

The Nigeria Information Technology Development Agency (NITDA) Act was signed into Law on 24 April, 2007. Section 12 (2a) of the Act stipulates that, specified Companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

19 Deferred Taxation

i) Deferred tax Liabilities	N'000	N'000
Balance at the beginning of the year	177,534	166,740
Charge for the year (Note 18(b))	-	5,794
Assets revaluation reserve (Note 25(a))	(78,424)	5,000
Balance at the end of the year	99,110	177,534

As a result of accelerated rate of capital allowance, the carrying amount of the Company's property, plant and equipment at the statement of financial position date exceeded their corresponding tax written down value by N343,271,695(2019:566,154,473) resulting to deferred tax liabilities of N102,981,506(2019:169,846,342) and deferred tax assets of N1,602,363,189(2019:494,813,017) resulting from capital allowance and fiscal loss. Movement of deferred tax assets of N1,570,828,000(2019:N497,500,675) was not recognized in the financial statements because there is no probability that the Company will be able to utilise it in the foreseeable future.

	Opening balance as at 1 January 2020	Recognized in net income	Recognized in OCI	Recognised directly in equity	Closing Balance at 31 December 2020
Deferred Tax Liabilities	N'000	N'000	N'000	N'000	N'000
Deferred tax on revaluation surplus on property, plant and equipment	5,000	-	(78,424)	-	(73,424)
Difference between Carrying Value of PPE and TWDV	172,534	(66,626)	-	-	105,908
Unrealized Foreign Exchange Gains	-	109,436	-	-	109,436
Total	177,534	42,810	(78,424)	-	141,920
Deferred tax assets					
Loss on valuation of investment properties	-	8,348	-	-	8,348
Unutilized capital allowances	-	222,837	-	-	222,837
Increase in gratuity provision	-	-	-	-	-
Fiscal Losses C/fwd.	-	1,383,217	-	-	1,383,217
Sub total	-	1,614,402	-	-	1,614,402
Deferred tax liabilities	177,534	(1,571,592)	(78,424)	-	(1,472,482)

The movement in deferred tax assets of N1.57biilion was not recognized because of the probability that it may not be utilised in the foreseeable future. However, the capital gains tax of N78,424,000 was released from Deferred tax liability and charged against asset revaluation reserve.

		2020	2019
20	Share Capital	000	000
	Authorized		
	Value		
	Ordinary shares of 50k each	N10,000,000	N10,000,000
	Number		
	Ordinary shares of 50k each	20,000,000	20,000,000
(a)	Issued and fully paid	000	000
	Value		
	Ordinary shares of 50k each	N3,667,172	N3,667,172
	Number		
	Ordinary shares of 50k each	7,334,344	7,334,344

Subject to the restrictions imposed by the Companies and Allied Matters Act, 2020 the unissued shares are under the control of Directors.

21	Share Premium	N'000	N'000
	Share Premium	940,612	940,612

Premium from the issue of shares are reported in share premium.

		N'000	N'000
21.1	Deposit for shares	400,000	-

A deposit for shares of N400million was made during year by the Lagos State Government towards the Recapitalization plan of the Company. This was included in equity as a result of the commitment by the Lagos State Government that it is strictly for purchase of shares.

		2020	2019
22	Statutory contingency reserve	N'000	N'000
	Balance at the beginning of the year	1,872,909	1,652,502
	Transfer from revenue reserve (Note 23)	205,488	220,407
	Balance at the end of the year	2,078,397	1,872,909

Statutory contingency reserve is calculated in accordance with the Insurance Act, a contingency reserve is credited with the greater of 3% of total premiums or 20% of profits for general business and 1% of total premiums or 10% of profits for life business. This shall accumulate until it reaches the amount of greater of minimum paid- up capital or 50 percent of net premium.

During the current year, this is calculated based on 3% of the gross premium.

			Restated
23	Retained earnings	N'000	N'000
	Balance at the beginning of the year (2019 : Restated)(Note 49(b))	737,708	1,009,235
	Profit for the year	679,357	315,745
	Transfer to contingency reserve (Note 22)	(205,488)	(220,407)
	Dividend paid	(366,717)	(366,865)
	Balance at the end of the year	844,860	737,708

(a) On 15 September 2020, the shareholders declared a dividend of 5kobo per 50kobo share amounting to N366,717,000 during the Annual General Meeting. The sum of N366,717,000 has been paid to the share holders whose names were registered in the Company's register of members at close of business on Monday, 31 August, 2020.

(b) For the current year, a dividend of 10kobo per 50kobo share held has been proposed. This is subject to shareholders' ratification. No provision would be made for dividend until ratification at the next Annual General Meeting. The payment of this dividend is subject to withholding tax at appropriate rate.

24	Fair value through other comprehensive income reserve	N'000	N'000
	Balance at the beginning of the year	458,098	450,533
	Additions during the year (Note 4.2(b))	-	7,565
	Balance at the end of the year	458,098	458,098

(a) The fair value reserve shows the effect from the fair value measurement of financial instruments of the category available for sale. Any gains or losses are not recognized in the comprehensive income statement until the asset has been sold or impaired.

25(a)	Asset revaluation reserve	N'000	N'000
	Balance at the beginning of the year	623,061	569,194
	-accumulated depreciation (Note 12)	10,000	8,867
	Revaluation (loss)/surplus (Note 12)	(784,236)	50,000
		(151,175)	628,061
	Asset revaluation loss recognized in management expenses (Note 36)	72,751	-
	Transferred to deferred tax (Note 19)	78,424	(5,000)
	Balance at the end of the year	-	623,061

(i) This represents change in depreciation of revalued property in line with International Accounting Standard (IAS 16).

(ii) This comprise cumulative fair value changes on valuation of leasehold land and building net of deferred tax liabilities.

25(b)	Reserve on actuarial valuation of gratuity	N'000	N'000
	Balance at the beginning of the year	320,219	-
	Actuarial loss (Note 17(d))	266,688	320,219
	Balance at the end of the year	586,907	320,219

	Non Life Business								Life Business			2020	2019
26 Gross premium income	Aviation	Bonds	Engineering	Fire	General Accident	Marine	Motor Accident	Oil & Gas	Group Life	Individual life	Annuity	TOTAL	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Premium written	74,052	321,947	387,466	669,773	1,213,163	311,069	551,971	1,162,125	6,205,846	36,255	4,138	10,937,805	9,341,528
Movements in unexpired risks (Note 27)	(12,386)	(125,881)	18,272	(57,675)	(65,977)	(20,095)	31,251	332,571	(72,418)	-	-	27,662	407,298
Gross premium income	61,666	196,066	405,738	612,098	1,147,186	290,974	583,222	1,494,696	6,133,428	36,255	4,138	10,965,467	9,748,826
27 Movement in Unexpired risks													
Unexpired risk At 1 January	9,104	51,375	169,663	90,531	135,293	34,959	222,034	415,899	602,959	-	-	1,731,817	2,139,115
Unexpired risk At 31 December	(21,490)	(177,256)	(151,391)	(148,206)	(201,270)	(55,054)	(190,783)	(83,328)	(675,377)	-	-	(1,704,155)	(1,731,817)
Movement during the year	(12,386)	(125,881)	18,272	(57,675)	(65,977)	(20,095)	31,251	332,571	(72,418)	-	-	27,662	407,298

	Aviation	Bonds	Engineering	Fire	General Accident	Marine	Motor Accident	Oil & Gas	Group Life	Individual life	Annuity	TOTAL	TOTAL
28 Reinsurance premium expenses	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Paid to reinsurance during the year	-	131,646	199,291	427,028	213,273	113,383	111,550	675,812	1,933,865	-	-	3,805,848	3,328,709
Changes in reinsurer's share of UPR	-	(50,291)	(24,475)	(30,283)	(20,825)	(3,968)	(1,895)	290,644	(12,507)	-	-	146,400	516,611
	-	81,355	174,816	396,745	192,448	109,415	109,655	966,456	1,921,358	-	-	3,952,248	3,845,320

(b) Reinsurance expenses of N3,805,848,000 was paid during the year, N1,219,750,000 was paid to the foreign insurers while N2,586,098,000. was paid to local insurers. In 2019 reinsurance expense stood at N3,328,709,000 (Foreign N1,221,373,000 - Local N2,107,336,000).

		2020	2019
29	Fees and commission income	N'000	N'000
	Fees income arising from Reinsurance contracts	1,034,914	807,820
(a)	Movement in Fees and Commission income		
	Deferred commission at the beginning of the year	158,333	128,579
	Fees and Commission Income received during the year	972,588	837,574
	Fees and Commission Income earned during the year (Note 29)	(1,034,914)	(807,820)
	Deferred commission at the end of the year (Note 15)	96,007	158,333

(b) Commission income on reinsurance premium is earned on premium ceded out, rate of which varies per product in line with the reinsurance agreement with respective reinsurers

30	Claims Expenses	N'000	N'000
	Gross Claims paid (Note 30(a))	4,289,616	2,695,505
	Increase/(decrease) in outstanding claims (Notes 13.1(a) & 13.2(b))	1,078,935	(131,635)
	Changes in IBNR (Notes 13.1(b) & 13.2(b))	290,818	994,462
	Gross claims incurred during the year	5,659,369	3,558,332
	Recoverable from Reinsurance (Note 30(c))	(2,413,322)	(1,386,417)
	Net Claims expenses	3,246,047	2,171,915
(a)	Claims Paid		
	Classes	N'000	N'000
	Motor	91,171	108,496
	Marine	58,758	98,819
	Aviation	207	16,388
	Fire	300,686	365,090
	General Accident	564,185	190,469
	Oil and Gas	945,848	46,629
	Engineering	99,747	135,826
	Individual Life business	5,084	977
	Group Life business	2,223,930	1,732,811
		4,289,616	2,695,505

(b) Claims expenses consist of claims paid during the financial year together with the movement in the provision for outstanding claims.

(c)	Recoverable from Reinsurance	N'000	N'000
	Receipt from reinsurance during the year	1,674,727	831,842
	Changes in Reinsurance share of IBNR (Note 6.2)	(66,761)	639,301
	Changes in Reinsurance share of Outstanding Claims (Note 6.3)	805,356	(84,726)
		2,413,322	1,386,417

		2020	2019
31	Underwriting Expenses	N'000	N'000
	Commission expenses (Note 31(a) and Note 7)	1,093,156	1,012,604
	Maintenance expenses (Note 31(c))	1,498,574	1,048,033
		2,591,730	2,060,637
(a)	Commission expenses	N'000	N'000
	Commission paid during the year (Note 31(b) & Note 7)	1,303,413	1,069,750
	Changes in deferred acquisition cost(Note 7)	(210,257)	(57,146)
		1,093,156	1,012,604
(b)	Commission expenses		
	The analysis of commission expenses by business class is as follows:	N'000	N'000
	Fire	133,462	90,373
	General Accident	246,433	229,268
	Motor	69,367	105,110
	Oil & Gas	36,990	61,441
	Marine	62,738	51,114
	Aviation	9,892	12,656
	Bond	57,631	56,017
	Engineering	68,089	20,270
	Group Life	618,811	572,080
		1,303,413	1,198,329
(c)	Maintenance expenses	N'000	N'000
	Marketing expenses	909,682	642,280
	Printing and stationery	106,904	75,480
	Performance Bonus	4,275	32,720
	Wages & salaries of Technical staff	269,990	190,626
	Bond supervision fees	16,720	10,675
	Superintendent fees	868	1,112
	Tracking device	1,028	1,979
	Engineering survey fees	9,211	17,041
	Administrative charges	10,187	28,166
	Medical expenses	68	87
	Life agency expenses	49,571	47,847
	Annuity expenses	120,070	20
		1,498,574	1,048,033

(d) Underwriting expenses consist of acquisition and maintenance expenses which include commission and policy expenses, proportion of staff cost. Underwriting expenses for insurance contracts are recognized as expense when incurred.

32	Investment Income	N'000	N'000
	Dividend income	81,218	37,240
	Interest from fixed deposit	162,517	217,328
	Interest from financial assets at Amortized cost	103,680	270,971
	Interest from statutory deposit	89,161	68,790
		436,576	594,329
	Amortized cost financial assets - Accrued interest (Note 4.3(d))	115,671	142,031
		552,247	736,360

		2020	2019
(a)	Investment Income	N'000	N'000
	Attributable to Annuity fund holders	60,558	69,950
	Attributable to Policy holders	351,777	406,334
	Attributable to Share holders	225,156	260,076
		637,491	736,360

33	Fair Value Loss		
	Investment properties	N'000	N'000
	Fair Value Loss (Note 9)	(52,300)	(83,483)
	Fair Value through Profit or Loss:		
	Fair value gain/(loss) (Note 4.1)	174,856	(95,206)
	Charge of Impairment losses (Note 4.1)	-	(3,271)
		122,556	(181,960)

34	Other Income	N'000	N'000
	Profit on sale of property, plant and equipment (Note 38)	1,873	1,371
	Foreign exchange gains (Note 39)	865,453	167,923
	Rental Income	7,073	8,700
	Other sundry income	127,593	41,318
		1,001,992	219,312

(a)

The foreign exchange gains was as a result of the revaluation of the currency in 2020. The Company revalued its deposits and domiciliary account balances hence the exchange gain of N865million (2019 :168million).

35	Gain on investment contract liabilities	N’000	N’000
	Investment income	85,244	91,336
	Commission paid	(49,571)	(21,148)
	Actuarial adjustment on Investment contract liabilities (Note 14)	(12,190)	29,663
	Guaranteed interest (Note 14)	(17,275)	(38,091)
		6,208	61,760

36	Management Expenses	N’000	N’000
	Employee benefit expenses (Note 36(a))	1,429,702	1,391,027
	Other management expenses (Note 36(b))	667,410	622,477
	Directors expenses	330,110	314,785
	AGM expenses	23,553	19,803
	Auditors’ fees (Note 39)	13,000	13,000
	Authorized share capital expenses	-	112,500
	Share reconstruction expenses	31,451	-
	Insurance levy	110,000	183,555
	Asset revaluation loss (Note 25(a))	72,751	-
	Amortization (Note 11)	500	481
	Depreciation (Note 12)	221,914	85,211
		2,900,391	2,742,839

(a)	Employee benefit expenses	N’000	N’000
	Salaries and Wages	1,029,755	1,046,610
	Medical Expenses	9,048	29,516
	Staff Training	27,381	55,898
	Employers’ Pension Contribution	87,722	83,689
		1,153,906	1,215,713
	Gratuity	275,796	175,314
		1,429,702	1,391,027

		2020	2019
(b)	Other Management Expenses	N'000	N'000
	Travelling expenses	24,368	32,759
	Asset maintenance	133,534	120,529
	Levies and Subscriptions	41,941	46,791
	Bank charges	22,696	19,094
	Advertising	92,185	91,292
	Office expenses	149,833	149,027
	Professional fees	114,352	110,715
	Office rent (Note 8(a))	25,547	25,071
	Fines and Penalties	14,875	13,449
	Back duty assessments	28,079	-
	Donation	20,000	13,750
		667,410	622,477

37	Allowance/write back of expected credit losses	N'000	N'000
	(Allowance)/write back of credit losses - Cash (Note 3(a))	(5,325)	9,383
	(Allowance)/write back of credit losses - Fixed deposits and treasury bills (Note 4.3I)	(1,642)	772
	Allowance for credit losses - Bonds (Note 4.3I)	(4,863)	(5,441)
	(Allowance)/write back of credit losses - Staff loan (Note 8I)	(6)	593
	Allowance of credit losses - Other receivables (Note 8(g))	(62)	-
		(11,898)	5,307

38	Profit on disposal of Property, plant and Equipment	N'000	N'000
	Sale proceeds	1,873	1,371
	Cost	29,000	16,512
	Accumulated depreciation	(29,000)	(16,512)
		1,873	1,371

39	Supplementary profit and loss information	N'000	N'000
(a)	Profit before taxation is arrived at after charging:		
	Amortisation of intangible asset (Note 11)	500	481
	Depreciation of property, plant and equipment (Note 12)	221,914	85,211
	Auditors' fees (Note 36)	13,000	13,000
	Directors' expenses (Note 36)	330,110	314,785
	and after charging/crediting:	N'000	N'000
	Profit on disposal of property, plant and equipment (Note 34)	1,873	1,371
	Loss on investment properties (Note 33)	(52,300)	(83,483)
	Foreign exchange gain (Note 34)	865,453	167,923

(b) BDO Professional Services was appointed to carry out only the Statutory audit of financial statements of the Company.

I Staff Costs

The average number of persons employed (excluding Directors) in the financial year and staff costs were as follows:

	Number	Number
Managerial	54	52
Senior	65	65
Junior	38	38
	157	155

(d) Employees Remunerated at Higher Rates

The number of employees in receipt of emoluments excluding allowance and pension within the following ranges were:

N		N	2020 Number	2019 Number
500,001	-	1,000,000	10	10
1,000,001	-	2,000,000	33	33
2,000,001	-	3,000,000	60	60
3,000,001	-	4,000,000	25	25
4,000,001	-	5,000,000	14	12
5,000,001	-	Above	15	15
			157	155

I Chairman’s and Directors’ Emoluments

i Aggregate emoluments of the directors were:	N’000	N’000
Directors Fees	10,233	10,150
Executive compensation	194,535	194,535
Other directors expenses	125,342	110,100
	330,110	314,785

ii The number of Directors excluding the Chairman whose emoluments were within the following ranges were:

N		N	Number	Number
Below	-	10,000,000	-	-
10,000,001	-	20,000,000	5	4
20,000,001	and	Above	3	3
			8	7

The Highest paid Director earned N81million in 2020 (2019:N81)

40 Basic/Diluted earnings per ordinary share

	2020 000	2019 000

Basic/Diluted earnings per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue and ranking for dividend.

	2020 000	2019 000
Net profit attributable to ordinary shareholders for basic and diluted EPS	₦ 679,357	₦ 315,745
Weighted average number of ordinary shares for EPS	7,334,344	7,334,344
Basic earnings Per Share (kobo)	9.3	4.3
Diluted Basic Earnings Per Share (kobo)	9.3	4.3

(a) There have been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements.

41 Related party disclosures

(a) Related parties include the Board of Directors, the Managing Director, Deputy Managing Director, Finance Director, close family members and companies which are controlled by these individuals

(b) *Transactions with key management personnel*

The Company's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family and entityover which control can be exercised. The key management personnel have been identified as the executive directors of the Company. Close members of family are those members who may be expected to influence or be influenced by that individual in their dealings with Lasaco Assurance Plc.

	Nature of transactions	2020	2019
(c) Other related party		N'000	N'000
Lagos State Government	Premium	1,244,398	872,450
	Claims	(76,201)	(268,697)
	Investments in Lagos State Bond (Note 4.3(b))	256,493	295,169

42 Cash flow from Operating activities	Notes	N'000	N'000
Operating profit before tax		696,436	347,770
Adjustment for non-operating items:			
Depreciation - Property, plant & equipment	12	221,914	85,211
Amortisation - Intangible assets	11	500	481
Profit on disposal of property and equipment	34	(1,873)	(1,371)
Reclassification to property and equipment	12	-	-
Fair value loss on investment properties	9	52,300	83,483
Fair value loss on quoted investment	33	(174,856)	95,206
Interest earned	32	(115,671)	(142,031)
Reversal of Impairment losses	33	-	3,271
Write back of expected credit losses	4.3l	11,600	5,095
Asset revaluation loss	25(a)	72,751	-
Service & Interest cost on retirement benefit	17(a)	275,796	172,271
Investment Income	32	(436,576)	(594,329)
Cash flow before changes in working capital		602,321	55,057
Changes in operating assets and liabilities			
(Increase)/decrease in Trade receivables		(45,812)	331,902
Increase in statutory deposit		-	(29,897)
Increase in Reinsurance assets		(592,195)	(37,964)
Increase in Deferred acquisition cost		(210,257)	(57,146)
Decrease/(increase) in Other receivables and prepayments		279,952	(10,469)
Increase in Insurance contract liabilities		1,576,518	635,619
Increase in investment contract liabilities		71,673	63,904
Increase in Trade payables		25,813	399,367
Increase in Other payables		172,823	214,133
Net cash inflow from operating activities		1,880,836	1,564,506
Gratuity benefit to employees		(80,113)	(13,990)
Tax paid		(44,285)	(60,841)
Cash flow generated from in operating activities		1,756,438	1,489,675

43 Capital Commitments

The Company has spent N1.58billion on building project at plot 16, Acme road Lagos and has been included in the financial statements as at 31 December 2020. The value of the building under construction of N1.58 has been reclassified to building (N1.49billion) and Furniture and fittings (N85.3million) upon completion of the contruction.

44 Contingent liabilities

There were no material contingent liabilities as at 31 December 2020 (2019 Nil).

45 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in the presentation of the current year financial statements.

46 Contingencies and commitments

(a) Legal Proceedings

The Company operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

(b) Regulations

The Company is also subject to insurance solvency regulations in all the territories where it operates and has complied with all these solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

(c) The directors are of the opinion that the Company will not incur any significant loss with respect to these claims and accordingly, no provision has been made in these financial statements.

47 Contravention of laws and regulations

The Company contravened certain laws and regulations during the year ended 31 December 2020. Details of the contraventions and the appropriate penalties are as follows:

Regulators	Description of penalty	Number of times	Year of contravention	Amount of penalty N'000
Securities and Exchange Commission	Late submission of 2019 Q1 Financial Statements	1	2020	2,350
Securities and Exchange Commission	Late filing of 2019 Audited Financial Statements	1	2020	2,025
Nigerian Stock Exchange	Default in filing of the 2019 Audited Financial Statements (AFS), Q1 and Q2 Unaudited Financials Statements	1	2020	10,500
				14,875

48 Events after the reporting year

(i) The Company received a sum of N3.5billion from her core Shareholders as deposit for shares towards the recapitalization exercise on 31 December 2020 out of which only a sum of N400million was immediately credited to her account while the balance of N3.1billion was credited on 4 January 2021 being the next business day.

(ii) In compliance with the requirements of Financial Reporting Council of Nigeria (FRC) and the Institute of Chartered Accountants of Nigeria (ICAN) in respect of COVID-19, the Directors have assessed the impact of COVID-19 on the financial statements as a whole and are of the opinion that it has no material effect.

49 Prior period restatements

(a) During the construction of the Company's head office building in the year 2018, a deposit for furniture to the tune of N192,500,000 was made pending the completion of the building construction. The deposit for furniture was however wrongly presented as prepayment instead of other receivable. On completion of the building during the year 2020, the furniture were received and recognized accordingly.

In order to correct the prior year error, a restatement has been made by reclassifying the N192,500,000 deposit for furniture from the opening balance of prepayments as at 1 January 2019 to other receivable accordingly. The restatement does not have any effect of the statement of financial position as at 1 January 2019.

(b) In the preparation of the financial statements for the year ended 31 December 2018, a reclassification adjustment on taxation to the tune of N194,324,000 was passed in error. The adjustment impacted on the balances of taxation and retained earnings as at 31 December 2018.

In order to correct the prior year error, the Company restated the opening balances of taxation and retained earnings in the statement of financial position as at 1 January 2019 being the earliest prior period presented in this financial statements in line with the International Accounting Standard (IAS)8.

The impacts of the restatements on the statement of financial position as at 1 January 2019 are as follows:

(i)	Taxation	N'000
	As previously stated	256,485
	Effect of the reclassification adjustment on taxation	194,324
	As restated (Note18)	450,809
(ii)	Retained earnings	N'000
	As previously stated	1,203,559
	Effect of the reclassification adjustment on taxation	(194,324)
	As restated (Note23)	1,009,235

50 Segment information

The Company is divided into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. These segments and their respective operations are as follows:

Non-Life: This segments covers the protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are short-term in nature. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

Life: This segment covers the protection of the Company's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets at fairvalue through profit and loss.

50.1 Segment profit or loss and other comprehensive income

	Non-Life	Life	2020	Non-Life	Life	2019
	N'000	N'000	N'000	N'000	N'000	N'000
Gross premium written	4,691,566	6,246,239	10,937,805	3,706,530	5,634,998	9,341,528
Unearned premium	100,081	(72,419)	27,662	658,386	(251,088)	407,298
Gross premium income	4,791,647	6,173,820	10,965,467	4,364,916	5,383,910	9,748,826
Reinsurance expenses	(2,030,890)	(1,921,358)	(3,952,248)	(1,995,944)	(1,849,376)	(3,845,320)
Net premium income	2,760,757	4,252,462	7,013,219	2,368,972	3,534,534	5,903,506
Commission income	436,647	598,267	1,034,914	388,719	419,101	807,820
Net underwriting income	3,197,404	4,850,729	8,048,133	2,757,691	3,953,635	6,711,326
Claims expenses (net)	1,239,797	2,006,250	3,246,047	766,525	1,405,390	2,171,915
Underwriting expenses	977,939	1,613,791	2,591,730	891,144	1,169,493	2,060,637
Changes in Life fund	-	29,853	29,853	-	(82,409)	(82,409)
Changes in Annuity fund	-	204,574	204,574	-	262,499	262,499
Total underwriting expenses	2,217,736	3,854,468	6,072,204	1,657,669	2,754,973	4,412,642
Underwriting profit	979,668	996,261	1,975,929	1,100,022	1,198,662	2,298,684
Gain on investment contract liabilities	-	6,208	6,208	-	61,760	61,760
Fair value gain/(loss) on assets	146,948	(24,392)	122,556	(155,576)	(26,384)	(181,960)
Investment income	293,225	259,022	552,247	322,044	414,316	736,360
Other income	659,026	342,966	1,001,992	201,773	17,539	219,312
Management expenses	(1,753,385)	(1,147,006)	(2,900,391)	(2,011,042)	(731,797)	(2,742,839)
Impairment of assets	(3,629)	(46,578)	(50,207)	-	(48,854)	(48,854)
Write back of expected credit losses	(7,460)	(4,438)	(11,898)	(8,299)	13,606	5,307
Profit before taxation	314,393	382,043	696,436	(551,078)	898,848	347,770
Information Technology	(3,112)	(3,783)	(6,895)	(3,443)	-	(3,443)
Income tax	(8,340)	(1,844)	(10,184)	(24,327)	(4,255)	(28,582)
Profit/(loss) for the year	302,941	376,416	679,357	(578,848)	894,593	315,745

50.2 Segment Statement of financial Position

	2020 Non-Life	2020 Life	2020 Elimination of Inter business balances	2020 Total	2019 Non-Life	2019 Life	2019 Elimination of Inter Company balances	2019 Total
Assets	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	2,773,114	2,638,558		5,411,672	1,714,901	2,640,855		4,355,756
Financial Assets:								
- At fair value through profit or loss	852,901	91,071		943,972	664,503	104,613		769,116
- At amortised cost	1,622,922	2,715,258		4,338,180	1,593,738	2,186,486		3,780,224
- At fair value through other comprehensive income	248,100	63,435		311,535	248,099	63,436		311,535
Trade receivables	33,713	82,887		116,600	22,653	48,135		70,788
Reinsurance assets	1,489,447	1,431,046		2,920,493	1,248,035	1,080,263		2,328,298
Deferred acquisition costs	330,282	65,700		395,982	126,606	59,119		185,725
Other receivables and prepayments	91,794	2,412,924	(2,209,103)	295,615	332,528	2,066,256	(1,823,217)	575,567
Investment in subsidiary	2,000,000	-	(2,000,000)	-	2,000,000	-	(2,000,000)	-
Investment property	3,026,001	166,699		3,192,700	3,055,000	175,500		3,230,500
Statutory deposit	320,150	215,000		535,150	320,150	215,000		535,150
Intangible assets	519	-		519	1,019	-	-	1,019
Property, plant and equipment	2,024,688	49,632		2,074,320	2,304,192	62,409		2,366,601
Total Assets	14,813,631	9,932,210	(4,209,103)	20,536,738	13,631,424	8,702,072	(3,823,217)	18,510,279
Liabilities And Shareholders' Equity								
Liabilities								
Insurance contract liabilities	3,557,654	4,714,902		8,272,556	3,033,931	3,662,107		6,696,038
Investment contract liabilities	-	926,561		926,561	-	854,888		854,888
Trade payables	290,129	556,954		847,083	400,218	421,052		821,270
Other payables and accruals	2,713,728	89,558	2,209,103	594,183	2,104,035	140,542	1,823,217	421,360
Retirement Benefit Obligations	1,434,766	171,254		1,606,020	1,014,972	128,677		1,143,649
Income tax liabilities	272,874	116,119		388,993	297,687	118,512		416,199
Deferred tax liabilities	83,534	15,576		99,110	161,958	15,576		177,534
Total Liabilities	8,352,685	6,590,924	2,209,103	12,734,506	7,012,801	5,341,354	1,823,217	10,530,938
Shareholders' Equity								
Share capital	3,667,172	2,000,000	2,000,000	3,667,172	3,667,172	2,000,000	2,000,000	3,667,172
Share premium	940,612	-	-	940,612	940,612	-	-	940,612
Deposit for shares	400,000	-		400,000	-	-		-
Contingency reserves	1,721,548	356,849		2,078,397	1,577,797	295,112		1,872,909
Retained earnings	(39,646)	884,506		844,860	(198,837)	936,545		737,708
FVOCI reserves	330,015	128,083		458,098	330,015	128,083		458,098
Revaluation reserves	-	-		-	623,061	-		623,061
Reserve on actuarial valuation of gratuity	(558,755)	(28,152)		(586,907)	(321,197)	978		(320,219)
Total Equity	6,460,946	3,341,286	2,000,000	7,802,232	6,618,623	3,360,718	2,000,000	7,979,341
Total Liabilities And Shareholders'Equity	14,813,631	9,932,210	4,209,103	20,536,738	13,631,424	8,702,072	3,823,217	18,510,279

50 Hypothecation

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance contracts, in response to the risk, the Company's assets and liabilities are allocated as follows:

	Policy Holders' Fund					Shareholders' Fund	
	Non-Life	Life				TOTAL	TOTAL FUNDS
AS AT DECEMBER 2020		Life	Annuity	DA	Total		
	N'000	N'000	N'000	N'000		N'000	
COMPANY							
Cash and cash equivalents	1,556,773	1,877,503	203,376	561,444	4,199,096	1,212,576	5,411,672
Financial Assets:	-				-		-
- At fair value through profit or loss	852,900	91,072	-	-	943,972	-	943,972
- At amortised cost	641,969	760,682	911,086	1,049,778	3,363,515	974,665	4,338,180
- At fair value through other comprehensive income	-	-			-	311,535	311,535
Trade receivables	33,713	82,887			116,600		116,600
Reinsurance assets	1,489,447	1,431,046			2,920,493		2,920,493
Deferred Acquisition cost	-	-	-	-	-	395,982	395,982
Other receivables and prepayments	-	-			-	295,615	295,615
Investment property	316,000	166,699			482,699	2,710,001	3,192,700
Statutory deposit	-				-	535,150	535,150
Intangible assets	-				-	519	519
Property, plant and equipment	-				-	2,074,320	2,074,320
Total Assets	4,890,802	4,409,889	1,114,462	1,611,222	12,026,375	8,114,381	20,536,738
Liabilities:							
Insurance contract liabilities	3,557,654	3,626,676	1,088,226	-	8,272,556	-	8,272,556
Investment contract liabilities	-	-	-	926,561	926,561	-	926,561
Trade payables	-	-	-	-	-	847,083	847,083
Other payables and accruals	-	-	-	-	-	594,183	594,183
Retirement Benefit Obligations	-	-	-	-	-	1,606,020	1,606,020
Income tax liabilities	-	-	-	-	-	388,993	388,993
Deferred tax liabilities	-	-	-	-	-	99,110	99,110
Total Liabilities	3,557,654	3,626,676	1,088,226	926,561	9,199,117	3,535,389	12,734,506
Assets Cover	1,333,148	783,213	26,236	684,661	2,827,258	4,974,974	7,802,232

52 Capital Management Policy

The Company's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory stipulations and to best utilize capital allocations.

Insurance industry regulator measures the financial strength of Composite insurers using a solvency margin model, NAICOM generally expect composite insurers to comply with this capital adequacy requirement. This test compares insurers' capital against the risk profile. The regulator stipulates that insurers should produce a minimum solvency margin of 100%. During the year, the Company has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

The Company further developed an internal capital adequacy model that assesses the risk of assets, policyliabilities and other exposures by applying various factors. The model calculates the capital required for each class of the broad risks identified by the Company and aggregates through co-variance methodology that considers the relationship between these risk categories.

The Company's objectives when managing capital are as follows:

- To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Company;
- To generate sufficient capital to support the Company's overall business strategy;
- To ensure that the Company meets all regulatory capital ratios and the prudent buffer required by the Board;
- To ensure that the average return on capital over a 3 -5 years performance cycle is sufficient to satisfy the expectations of investors;
- To maintain a strong risk rating;
- To ensure that capital allocation decisions are optimal, considering the return on economic and regulatory capital;
- To determine the capital required to support each business activity based on returns generated on capital to facilitate growth/expansion of existing businesses (i.e. capital allocation);
- To establish the efficiency of capital utilization.

(a) Minimum Capital Requirement

The Company complied with the minimum capital requirement of N5billion for Composite operations. This is shown under Shareholders' Fund in the Statement of Financial Position.

(b) Solvency Status

The Company met the criteria for solvency margin as stated in section 24(1) of the Insurance Act, CAP I17, LFN 2004, the solvency margin maintained is N5,393,139,000.

(c) Capital Adequacy Test

Based on the capital adequacy calculation below, LASACO Assurance Plc has a surplus of N2.70 billion.

	2020	
	N'000	N'000
Shareholders' fund as per Statement of Financial Position		7,802,232
Less:		
Intangible Assets	(519)	
Deferred tax liability	(99,110)	
		(99,629)
Capital base		7,702,603

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company's capital base is above the minimum capital requirement of N5 billion specified by NAICOM.

(d) DETERMINATION OF SOLVENCY MARGIN	Admissible N'000	Inadmissible N'000	2020 N'000	2019 N'000
ASSETS				
Cash and cash equivalents	5,411,672	-	5,411,672	4,355,756
Financial assets				
-FVTPL	943,972	-	943,972	769,116
-FVOCI	311,535	-	311,535	311,535
-Amortised Cost	4,338,180	-	4,338,180	3,780,224
Trade receivables	116,600	-	116,600	70,788
Reinsurance assets	2,920,493	-	2,920,493	2,328,298
Deferred acquisition costs	395,982	-	395,982	185,725
Other receivables	295,615	(255,353)	40,262	63,720
Investment in Properties	3,192,700	(1,043,334)	2,149,366	3,230,508
Statutory deposit	535,150	-	535,150	535,150
Property, plant and equipment	2,074,320	(1,208,997)	865,323	641,923
Intangible assets	519	(519)	-	-
Admissable assets	20,536,738	(2,508,203)	18,028,535	16,272,743
LIABILITIES				
Insurance contract liabilities	8,272,556	-	8,272,556	6,696,038
Investment contract liabilities	926,561	-	926,561	854,888
Trade payables	847,083	-	847,083	821,720
Other payables and accruals	594,183	-	594,183	421,360
Retirement benefits obligations	1,606,020	-	1,606,020	1,143,649
Income tax liabilities	388,993	-	388,993	221,875
Deferred tax liabilities	99,110	(99,110)	-	
Admissible liabilities	12,734,506	(99,110)	12,635,396	10,159,530
Solvency margin		(2,409,093)	5,393,139	6,113,213
Minimum share capital		-	5,000,000	5,000,000
Surplus in solvency margin		2,409,093	393,139	1,113,213
Percentage of solvency			7%	18%

The Company's capital requirement ratio and Solvency margin is above the requirements of the Insurance Act CAP I17, LFN 2004.

53 Financial Risk Management

Credit risk

The Company is exposed to the following categories of credit risk:

Direct Default Risk – the risk of non- receipt of the cash flows or assets to which it is entitled because brokers, clients and other debtors default on their obligations

Concentration Risk – this is the exposure to losses due to excessive concentration of business activities with individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products, etc.

Counterparty Risk – this is the risk that a counterparty is not able or willing to meet its financial obligations as they fall due.

The Company therefore ensures the establishment of principles, policies and processes and structure for the management of credit risk.

The credit risk appetite is in line with the Company's strategic objectives, available resources and the provisions of NAICOM Operational Guidelines. In setting this appetite/tolerance limits, the corporate solvency level, risk capital and liquidity level , credit ratings, level of investments, reinsurance and coinsurance arrangements, and nature and categories of its clients, are taken into consideration.

The credit risk management governance structure comprises the board of Directors, Executive Risk Management ERM Committee, management risk committee, technical operations department, risk management department and the internal audit department.

The Board risk Committee has the responsibility of ensuring that an appropriate, adequate and effective system of risk management and internal control which addresses credit control is established and maintained.

RISK MANAGEMENT FRAMEWORK

The Credit Risk Management process involves the identification, measurement, mitigation and control, monitoring and reporting credit risk.

The credit control unit identifies the credit risk by, amongst other functions assessing/evaluating the repayment capacity of clients/counterparties, credit policyholders, insurance brokers, etc. The evaluation entails the analysis of counterparties' financial statements cash flow, management experience and other client risk factors.

An internal credit rating scale is in place to measure the counterparty credit risk. All clients and counterparties that are to be granted credit shall be rated using the Company's risk-rating model.

The risk model comprises :

Client/counterparty risk rating: This evaluates a client's ability to meet its credit obligations, through analysis of its financial statements, cash flow statement, management capabilities and other client related risk factors.

Transaction risk rating: This defines the risk of a specific credit line by overlaying the counterparty risk rating with an analysis of factors such as credit structure and collaterals (e.g. guarantees, and equitable and legal mortgages).

The following risk mitigation and control activities are in place to effectively manage exposures to default risk: client evaluation, credit analysis, credit limit setting, credit approval, Security management and provision for impairment.

The quality and performance of credit portfolios is monitored to identify early signs of decline in credit quality. Such activities include the review of ageing report, credit portfolio quality and delinquency management.

A Company credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Net exposure limits are set for each counterparty or Company of counterparties, geographical and industry (i.e., limits are set for investments and cash deposits).

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance
for impairment.

The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.

The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

Impairment assessment (Policy applicable from 1 January 2018)
The Company's ECL assessment and measurement method is set out below.
Significant increase in credit risk, default and cure

Financial Risk Management continued
The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

The Company's process to assess changes in credit risk is multi-factor and has three main elements (or 'pillars'):
• quantitative element (i.e. reflecting a quantitative comparison of PD at the reporting date and PD at initial recognition);
• a qualitative element; and
• 'backstop' indicators

Quantitative elements
The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:
• the remaining lifetime PD as at the reporting date; with
• the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations)

Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place.

• The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the insurer to actions such as realising security (if held).

• The obligor is past due more than 90 days on any material credit obligation to the Company.

The elements to be taken as indications of unlikeliness to pay include:

Qualitative elements

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Company recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

Backstop indicators

Instruments which are more than 30 days past due or have been granted forbearance are generally regarded as having significantly increased in credit risk and may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Company has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

Expected credit losses

The Company assesses the possible default events within 12 months for the calculation of the 12mECL and lifetime for the calculation of LTECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment.

When determining whether the credit risk (i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort, This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the Company also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default(including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and standards and Poor.

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Financial Risk Management continued

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- The criteria do no align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12-month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECLmeasurement.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset’s credit risk has increased significantly reflects a comparison of:

- Its risk of default occuring at the reporting date based on the modified term; with
- The risk of default occuring estimated based on data on initial recognition and the original contractual terms.

54 Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.3 Summary of significant accounting policies in Note 1.4 ,Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Trading Economies). The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2019 and 31 December 2020.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Key drivers	ECL scenario	Assigned probability	2021	2022	2023	2024
31-Dec-20						
Inflation Rate	Upturn	10%	10.47	9.16	10.16	10.01
	Base-case	77%	11.31	10	11	10.85
	Downturn	13%	12.1	10.79	11.79	11.64
Unemployment Rate	Upturn	10%	30.98	30.98	30.98	30.98
	Base-case	79%	33	33	33	33
	Downturn	11%	33.23	33.23	33.23	33.23
Crude oil Price (USD per barrel)	Upturn	10%	58.39	59.68	65.93	65.93
	Base-case	79%	54.96	56.25	62.5	62.5
	Downturn	11%	49.8	51.05	57.3	57.3

1-Jan-20	ECL scenario	Assigned probability	2020	2021	2022	2023
Inflation Rate	Upturn	10%	15	14.1	15.0	14.1
	Base-case	78%	15.8	14.9	15.8	14.9
	Downturn	12%	16.8	15.9	16.8	15.9
Unemployment Rate	Upturn	10%	13.1	13.1	13.1	13.1
	Base-case	78%	15	15	15.0	15.0
	Downturn	12%	16.9	16.9	16.9	16.9
Crude oil Price (USD per barrel)	Upturn	10%	56.1	56.1	56.1	56.1
	Base-case	78%	53.5	54.3	54.3	54.3
	Downturn	12%	51.2	52	52	52

The following tables outline the impact of multiple scenarios on the allowance:

31 December 2020 In thousand of Nigerian Naira		Cash and cash equivalents	Debt Instruments at amortised cost	Other receivables
Upside	10%	2,193	1,943	56
Base	80%	19,190	17,002	488
Downside	11%	2,787	2,469	70
Total		24,170	21,414	614

1 January 2020 In thousand of Nigerian Naira	Cash and cash equivalents	Debt Instruments at amortised cost	Other receivables
Upside	6,819	1,974	72
Base	56,447	16,329	589
Downside	9,288	2,685	96
Total	72,554	20,988	757

Exposure to credit risk

The tables below show the maximum exposure to credit risk by class of financial assets.

In thousand of Nigerian Naira	Note	2020	2019
Cash and cash equivalents	3	5,411,672	4,355,756
Debt instrument at amortised cost	4.3	4,338,180	3,780,224
Other receivables	8	285,355	561,917
Carrying amount		10,035,207	8,697,897

The amount reported above is gross exposure recognised on cash and cash equivalents, debt instruments at amortised cost and other receivables.

Other receivables excluding prepayment N283million (2019:N299million) out of which N30 million relate to deposit for land as these are not financial instruments.

In measuring credit risk of other receivables to various counterparties, the Company considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations. The Company's policy is to lend principally on the basis of staff's repayment capacity through quantitative and qualitative evaluation.

Analysis of risk Concentration

The Company's concentrations of risk are managed by client/counterparty, and industry sector. The maximum credit exposure to any client or counterparty as of 31 December 2020 was N6.45bn (2019: N8.4 Billion).

The following table shows the risk concentration by industry for the components of the statement of financial position.

Industry analysis

31 December 2020 In thousand of Nigerian Naira	Financial services	Government	Others	Total
Cash and cash equivalents	5,411,672	-	-	5,411,672
Debt instruments at amortised cost	1,066,430	3,271,750	-	4,338,180
Other receivables	-	-	285,355	285,355
	6,478,102	3,271,750	285,355	10,035,207

31 December 2019 In thousand of Nigerian Naira	Financial services	Government	Others	Total
Cash and cash equivalents	4,355,756	-	-	4,355,756
Debt instruments at amortised cost	3,323,320	456,904	-	3,780,224
Other receivables	-	-	561,917	561,917
	7,679,076	456,904	561,917	8,697,897

55 RISK MANAGEMENT FRAMEWORK

The operations of the Company are subject to regulatory requirements within Nigeria. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive reserves (e.g., contingency reserve, limits on recognition of revaluation reserves for solvency purposes and distribution to shareholders of actuarial surpluses) to minimise the risk of default and insolvency on the part of insurance companies and to meet unforeseen liabilities as they arise.

The principal technique of the Company's Assets and Liabilities matching ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Company's ALM is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. An integral part of the insurance risk management policy is to ensure, in each year, sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

Insurance Risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. The Company's retention limit is presently =N=10million on any one life (Subject to change from time to time).

Underwriting risk appetite is defined based on underwriting objectives, business acceptance guidelines, retention guidelines, net retention capacity, annual treaty capacity, regulatory guidelines, other operational considerations and the judgement of the board and senior management.

Each year, as part of the planning process, the Executive Risk Management (ERM) committee and senior management review the underwriting strategy of core insurance businesses taking into account profit, growth and risk appetite considerations. The review is carried out for each major class of business and approved by the committee.

56 RISK MANAGEMENT FRAMEWORK

Life Insurance Contracts

Life insurance contracts offered by the Company include: whole life and term assurance; Whole life and term assurance are conventional regular premium products whereas lump sum benefits are payable in the event of death or permanent disability.
Death benefits of endowment products are subject to a guaranteed minimum amount. The maturity value usually depends on the investment performance of the underlying assets.

Mortality risk - risk of loss arising due to policyholders' death experience being different from expected;
Morbidity risk - risk of loss arising due to policyholder health experience being different from expected;
Longevity risk - risk of loss arising due to the annuitant living longer from expected;
Investment return risk - risk of loss arising from actual returns being different from expected;
Expense risk - risk of loss arising from expense experience being different from expected
Policyholder decision risk - risk of loss arising due to policyholder experiences (lapses and surrenders) being different from expected.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Company's wide reinsurance limit of N10,000,000 (ten million naira) on any single life insured is in place.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to contract holders' behaviour.

Key Assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality and morbidity rates

- Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

- An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in longevity rates will lead to an increase in the number of annuity payments made, which will increase the expenditure and reduce profits for the shareholders.

- Investment return

The weighted average rate of return is derived based on a model portfolio that assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders.

- Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

- Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

Non-life insurance contracts (which comprise general insurance)

The Company principally issues the following types of general insurance contracts: motor, fire, marine and aviation, Oil and Gas, General Accidents, bonds etc.

Risks under non-life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer term claims that take some years to settle, there is also inflation risk. For healthcare contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., flood damage)

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophies based on the Company's risk appetite as decided by the Board. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 40% of shareholders' equity on a gross basis and 10% on a net basis. In the eventof such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

TABLE 1
The table below sets out the concentration of non-life insurance contract liabilities by type of contract:

	31-Dec-20			31-Dec-19		
	Gross liabilities	Reinsurance liabilities	Net liabilities	Gross liabilities	Reinsurance liabilities	Net liabilities
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	297,672	36,060	261,612	118,595	28,278	90,317
Fire	456,550	298,673	157,877	324,096	148,057	176,039
General accident	694,374	170,429	523,945	325,481	134,271	191,210
Marine and aviation	281,076	96,986	184,090	181,007	71,415	109,592
Oil and gas	1,195,415	577,563	617,852	955,894	352,797	603,097
Total	2,925,158	1,179,711	1,745,376	1,905,073	734,818	1,170,255

Key assumptions
The principal assumption underlying the liability estimates is that the Company's future claims development willfollow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement.

Sensitivities
The non-life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and incurred but not reported IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

Incremental Chain Ladder (Table of claims paid (Attritional and Large Loss))

General Accident

	Incremental Chain ladder (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2007	51,680	20,097	28,872	3,949	1,152	510	23	-	-	-	-	-
2008	26,739	77,634	24,905	8,205	1,452	335	121	-	309	-	-	-
2009	7,682	41,592	12,565	16,820	3,025	331	949	359	-	-	-	-
2010	53,634	32,424	36,684	4,326	4,198	3,937	1,098	-	-	11	-	-
2011	7,543	83,732	9,051	1,742	1,521	2,359	323	524	-	-	-	-
2012	14,973	35,452	12,670	5,089	5,418	93	745	8	-	-	-	-
2013	29,394	29,306	13,072	6,160	2,221	4,378	2,823	-	-	-	-	-
2014	13,081	38,651	14,986	9,175	1,164	1,327	-	-	-	-	-	-
2015	15,366	39,329	5,873	4,693	860	-	-	-	-	-	-	-
2016	26,889	32,477	13,609	754	-	-	-	-	-	-	-	-
2017	35,731	93,512	19,303	-	-	-	-	-	-	-	-	-
2018	99,035	42,850	-	-	-	-	-	-	-	-	-	-
2019	83,784	-	-	-	-	-	-	-	-	-	-	-

Fire

	Incremental Chain ladder (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2007	7,151	10,345	-	-	486	-	-	-	-	-	-	-
2008	18,226	3,927	4,198	30	120	-	-	-	-	-	-	-
2009	371	2,426	2,254	-	-	-	-	-	-	-	-	-
2010	20,216	3,804	6,026	-	-	-	-	-	-	-	-	-
2011	3,068	7,547	1,091	643	-	32	-	-	-	-	-	-
2012	3,271	19,592	60	-	8	-	-	-	-	-	-	-
2013	3,998	5,619	20,556	7,027	65	-	-	-	-	-	-	-
2014	3,800	27,094	18,987	3,372	123	-	-	-	-	-	-	-
2015	11,748	26,524	347	(287)	-	-	-	-	-	-	-	-
2016	8,492	7,249	900	1,150	-	-	-	-	-	-	-	-
2017	19,369	14,333	1,024	-	-	-	-	-	-	-	-	-
2018	20,856	7,272	-	-	-	-	-	-	-	-	-	-
2019	28,225	-	-	-	-	-	-	-	-	-	-	-

Motor

	Incremental Chain ladder (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2007	29,964	54,629	7,071	89	-	-	-	-	-	-	-	-
2008	78,282	52,822	13,161	-	-	-	-	-	-	-	-	-
2009	47,015	52,572	4,282	9	-	-	-	-	-	-	-	-
2010	49,041	34,345	1,025	-	-	-	-	-	-	-	-	-
2011	58,021	15,494	3,012	-	-	20	-	-	-	-	-	-
2012	31,476	37,076	38	-	20	-	-	-	-	-	-	-
2013	41,757	15,497	1,642	1,011	826	2,777	-	-	-	-	-	-
2014	43,931	18,096	980	320	-	-	-	-	-	-	-	-
2015	34,555	5,959	237	-	455	-	-	-	-	-	-	-
2016	39,626	11,485	314	-	-	-	-	-	-	-	-	-
2017	65,116	20,244	-	-	-	-	-	-	-	-	-	-
2018	69,063	25,872	-	-	-	-	-	-	-	-	-	-
2019	66,606	-	-	-	-	-	-	-	-	-	-	-

Oil & Gas

	Incremental Chain ladder (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2007	-	-	4,911	305	-	-	-	-	-	-	-	-
2008	-	-	-	-	53	486	-	57	-	-	-	-
2009	-	9,484	-	112	9,558	-	-	117	52	-	-	-
2010	1,155	6,673	136,364	133,417	2,372	-	346	505	-	-	-	-
2011	536	11,208	304,927	232,560	-	2,097	165	-	-	-	-	-
2012	135,271	243,804	-	7,872	21,403	612	46,297	-	-	-	-	-
2013	95,993	13,734	17,690	-	-	273	-	-	-	-	-	-
2014	-	22,906	276	1,025	-	-	-	-	-	-	-	-
2015	9,129	303	582	113	-	-	-	-	-	-	-	-
2016	3,324	170,084	16,467	5,983	-	-	-	-	-	-	-	-
2017	8,530	700,791	19,907	-	-	-	-	-	-	-	-	-
2018	323,713	20,738	-	-	-	-	-	-	-			
2019	-	-	-	-	-	-	-	-	-	-	-	-

Bond

	Incremental Chain ladder (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2009	-	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-	-
2012	-	3,546	-	-	-	-	-	-	-	-	-	-
2013	27,913	-	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-

Engineering

	Incremental Chain ladder (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2007	-	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	8,492	-	4,270	-	-	-	-	-
2010	-	-	-	375	-	-	-	-	-	-	-	-
2011	-	-	75	-	558	-	-	-	-	-	-	-
2012	-	1,262	623	-	-	-	-	-	-	-	-	-
2013	3,338	5,257	-	-	-	-	-	-	-	-	-	-
2014	1,889	62,951	-	-	32	-	-	-	-	-	-	-
2015	1,135	120	6,347	-	-	-	-	-	-	-	-	-
2016	1,002	1,424	246	8,832	-	-	-	-	-	-	-	-
2017	7,334	2,781	30,493	-	-	-	-	-	-	-	-	-
2018	5,094	40,146	-	-	-	-	-					
2019	56,324	-	-	-	-	-	-	-	-	-	-	-

Marine

	Incremental Chain ladder (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2007	392	100	1,500	-	19,309							
2008	974	6,373	-	-	-							
2009	1,850	292	-	2,736	-	-	-	-	-	-	-	-
2010	-	16,416	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-	-
2012	-	4,961	428	-	-	-	-	-	-	-	-	-
2013	771	3,347	-	-	-	-	-	-	-	-	-	-
2014	2,116	11,995	-	-	1,063	-	-	-	-	-	-	-
2015	2,883	810	5,953	-	-	-	-	-	-	-	-	-
2016	2,371	1,635	276	4,524	-	-	-	-	-	-	-	-
2017	1,594	4,245	5,105	-	-	-	-	-	-	-	-	-
2018	5,633	76,038	-	-	-	-	-	-	-	-	-	-
2019	12,903	-	-	-	-							

Aviation

	Incremental Chain ladder (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2007	-	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	8,412	-	167	-	264	-	-	-	-	-
2012	-	980	148	-	-	-	-	-	-	-	-	-
2013	1,250	10,680	986	-	-	-	-	-	-	-	-	-
2014	3,458	7,100	-	-	640	-	-	-	-	-	-	-
2015	3,091	1,709	418	224	336	-	-	-	-	-	-	-
2016	9,939	707	15,300	3,874	-	-	-	-	-	-	-	-
2017	878	1,271	27	-	-	-	-	-	-	-	-	-
2018	7,221	1,905	-	-	-	-	-	-	-	-	-	-
2019	10,246	-	-	-	-	-	-	-	-	-	-	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

A Company market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policy holders' liabilities and that assets are held to deliver income and gains for policy holders which are in line with expectations of the policy holders.

The Company is active in money and capital market instruments, and investments in these instruments are basically for liquidity and held-to-maturity purposes. Therefore, the values of assets in the investment portfolio are at risk due to volatility in security prices, interest rates, and other market and economic variables.

There is a very strict control over hedging activities (e.g., equity derivatives are only permitted to be held to facilitate portfolio management or to reduce investment risk).

A sound market/investment risk management framework is implemented in order to minimize possible losses to capital and earnings arising from volatilities in market factors. The Company stipulates diversification benchmarks by type of instrument and geographical area.

Investment risk is the risk of loss (partial or full) of the principal amount and/or expected returns due to changes in the market variables. Investment risk is managed effectively and on a proactive basis by developing and implementing investment risk management strategies, policies and processes.

Investment in money, capital and other markets would expose a Company to the following sources of Investment risks:

Capital Risk

This is the risk that the Company will lose all or part of the principal amount invested. For example, if the Company invests ₦10 million into the stock market, it faces a capital risk on the entire ₦10 million or part of it.

Portfolio Risk:

This is the risk that the investment portfolio will perform "poorly" because of poor choice of investments in the portfolio.

Inflation risk:

The risk that inflation will outpace investment returns over time and erode the purchasing power of invested funds.

Liquidity Risk:
It is the risk that an investment asset cannot be sold when the need arises. The Company will be exposed to liquidity risk, when there is the need to sell an investment, and the investment cannot be liquidated due to insufficient secondary market or lack of sufficients demand for such a security. Liquidity risk is the current and future risk arising from the inability to meet our financial obligations when they become due.

Credit or Default Risk
Credit risk is created by the possibility of loss due to a counter party's or issuer's default, or inability to meet contractual payment terms. Higher quality bonds, including government bonds face the lowest credit risk.

Event Risk:
Event Risk is the risk of regulatory changes or other external occurrences that are significant, unanticipated and external, which impact negatively on the value of a security.

Market Risk:
This is the risk that the value of an investment will diminish due to unfavourable changing market conditions. A stock will rise or fall in price in response to investors' sentiments or changes in the fortunes of the Company or its industry

Interest rate risk:
This is the risk of exposures to the volatility of interest rates. It is the risk of the value or future cash flows of financial instruments being affected by changes in interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk. The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The Company has no significant concentration of interest rate risk.
The Company's exposure to interest rate risk and a sensitivity analysis for financial liabilities is disclosed in the financial statements.

Currency risk:
This is the risk of the fair value of financial instruments being affected by changes in foreign exchange rates.

The Company's principal transactions are carried out in naira and its exposure to foreign exchange risk is minimal. The Company's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. This mitigates the foreign currency exchange rate risk. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than thosein which insurance and investment contract liabilities are expected to be settled.

The Company has no significant concentration of currency risk.

Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit-linked business.

The Company has no significant concentration of price risk.
The Company will adopt a top down approach for defining its investment appetite. This is reviewed by senior management and approved by the Board Investment Committee (BIC) to ensure amongst other things that the investment risk assumed is commensurate with its strategy.

The following investment risk appetite statements guide the Company:-

- Except as waived by BIC after proper feasibility study, investment/trading transactions that do not fall within our target market and defined risk appetite are not undertaken, no matter how profitable the transactions may be.
- The Company does not enter into any transaction that is illegal, unethical or contravenes any applicable laws, regulations, or professional code of conduct, or is capable of damaging our corporate image or that of our key officers.
- Business is not transacted with any organisation with perceived likelihood of failure or that shows signs of going concern challenges.

  A cautious and prudent approach is adopted in engaging in investment and trading activities.
- The strategic management of the Company's investment portfolio is the fundamental responsibility of the Board Investment Committee (BIC) and senior management. The investment management team is responsible for implementing our policies by executing trade and investment decisions.

  In accordance with section 6(2) of the NAICOM guidelines (which is subject to future amendments), the Company shall invest in any of the following categories of investment assets:

- Bonds, bills and other securities issued or guaranteed by the Federal Government of Nigeria and the Central Bank of Nigeria.
- Bankers acceptance and commercial papers guaranteed by issuing bank.
- Quoted equities of not more than 50% of shareholders's fund.
- Unquoted equities not more than 20% of shareholders' fund.
- Property for Non-life insurance, not more than 35% of shareholders' fund.

In measuring investment risk, the following approaches, which are detailed in the Risk Management Framework, are used:

- Volatility
- Value at risk (VAR)
- Sensitivity analysis
- Stress testing
- Scenario testing

Investment risk exposures are mitigated by:

- Setting internal investment risk control limits
- Complying with legal investment limits
- Establishing Investment Approval Limits
- Diversification, in order to smoothen out unsystematic risk events in our portfolios
- Clear separation of duties between the unit that initiates and executes trade, and the units that accounts for trade transactions and handles transaction settlement.

The risk management department is responsible for monitoring investment risk exposures while the financial control department provides relevant information to the risk management department for investment risk monitoring.

Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but byinitiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company’s strategic planning and budgeting process.

57 FINANCIAL ASSETS AND LIABILITIES

Accounting classification measurement basis and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values.

Notes	Amortised cost ₦'000	FVTPL assets ₦'000	FVOCI assets ₦'000	Other assets ₦'000	Other financial liabilities at amortised cost ₦'000	Total carrying amount ₦'000	Fair value amount ₦'000
31 December 2020							
Cash and cash equivalents	-	-	-	5,411,672	-	5,411,672	5,411,672
Financial assets	4,338,180	943,972	311,535	-	-	5,593,687	5,593,687
Trade receivables	-	-	-	116,600	-	116,600	116,600
Other receivables excluding prepayments	-	-	-	285,355	-	285,355	285,355
	4,338,180	943,972	311,535	5,813,627	-	11,407,314	11,407,314
Insurance contract liabilities	-	-	-	-	8,272,556	8,272,556	8,272,556
Investment contract liabilities	-	-	-	-	926,561	926,561	926,561
Trade and other payables	-	-	-	-	3,935,389	3,935,389	3,935,389
	-	-	-	-	13,134,506	13,134,506	13,134,506
31 December 2019							
Cash and cash equivalents	-	-	-	4,355,756	-	4,355,756	4,355,756
Financial assets	3,780,224	769,116	311,535	-	-	4,860,875	4,860,875
Trade receivables	-	-	-	70,788	-	70,788	70,788
Other receivables excluding prepayments	-	-	-	561,917	-	561,917	561,917
	3,780,224	769,116	311,535	4,988,461	-	9,849,336	9,849,336
Insurance contract liabilities	-	-	-	-	6,696,038	6,696,038	6,696,038
Investment contract liabilities	-	-	-	-	854,888	854,888	854,888
Trade and other payables	-	-	-	-	2,980,012	2,980,012	2,980,012
	-	-	-	-	10,530,938	10,530,938	10,530,938

STATEMENT OF VALUE ADDED

	2020		2019	
	N'000	%	N'000	%
Premium, Investment and Other Income	9,731,136		7,546,798	
Premiums,Commissions, Claims paid and other operational cost	(7,382,584)		(5,722,309)	
Value Added	2,348,552	100	1,824,489	100
DISTRIBUTED AS FOLLOWS:				
EMPLOYEES				
Staff costs	1,429,702	61	1,391,027	76
GOVERNMENT				
Taxation	17,079	1	32,025	2
ASSET REPLACEMENT				
Depreciation and amortisation	222,414	9	85,692	5
CONTRACTION/EXPANSION - Shareholder's interest				
Profit for the year after taxation	679,357	29	315,745	17
VALUE ADDED	2,348,552	100	1,824,489	100

The value added statement represents the distribution of the wealth created by the Company through the use of its assets and the efforts of the employees. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

FIVE YEAR FINANCIAL SUMMARY FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019	2018	2017	2016
Assets	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	5,411,672	4,355,756	3,047,653	6,825,370	7,101,466
Financial assets	5,593,687	4,860,875	5,064,661	4,433,499	4,935,914
Trade receivables	116,600	70,788	402,690	105,812	31,444
Reinsurance assets	2,920,493	2,328,298	2,290,334	1,785,471	2,209,767
Deferred acquisition cost	395,982	185,725	128,579	143,269	82,758
Other receivables & Prepayments	295,615	575,567	565,098	592,299	519,387
Investment properties	3,192,700	3,230,500	3,306,500	3,311,000	3,341,000
Statutory deposit	535,150	535,150	505,253	500,000	500,000
Intangible asset	519	1,019	1,500	4,981	6,923
Property, plant and equipment	2,074,320	2,366,601	1,740,211	869,351	569,572
Total Assets	20,536,738	18,510,279	17,052,479	18,571,052	19,298,231
Liabilities And Equity					
Insurance contract liabilities	8,272,556	6,696,038	6,060,419	5,187,891	6,439,881
Investment contract liabilities	926,561	854,888	790,984	686,560	1,126,497
Trade payables	847,083	821,270	421,903	3,537,782	3,040,282
Other payables and accruals	594,183	421,360	207,227	106,990	94,857
Retirement Benefit Obligations	1,606,020	1,143,649	665,149	165,593	487,200
Income tax liabilities	388,993	416,199	256,485	122,027	91,382
Deferred tax liabilities	99,110	177,534	166,740	607,883	166,190
Total liabilities	12,734,506	10,530,938	8,568,907	10,414,726	11,446,289
Equity					
Issued share capital	3,667,172	3,667,172	3,667,172	3,667,172	3,667,172
Share premium	940,612	940,612	940,612	940,612	940,612
Deposit for shares	400,000	-	-	-	-
Contingency reserve	2,078,397	1,872,909	1,652,502	1,426,722	1,271,833
Retained earnings	844,860	737,708	1,203,559	1,111,955	824,998
FVOCI reserves	458,098	458,098	450,533	440,671	605,949
Revaluation reserve	-	623,061	569,194	569,194	541,378
Reserve on actuarial valuation of gratuity	(586,907)	(320,219)	-	-	-
Total equity	7,802,232	7,979,341	8,483,572	8,156,326	7,851,942
Total Liabilities And Equity	20,536,738	18,510,279	17,052,479	18,571,052	19,298,231
Gross premiums written	10,937,805	9,341,528	9,014,060	6,673,652	6,041,590
Net Underwriting Income	8,048,133	6,711,326	5,221,815	3,992,444	1,951,145
Net claims and underwriting expenses	6,072,204	4,412,642	3,100,204	2,738,845	1,715,989
Underwriting profit	1,975,929	2,298,684	2,121,611	1,253,599	235,156
Realised gain on financial assets	122,556	(181,960)	16,773	19,283	-
Investment and other income	1,554,239	955,672	986,015	1,451,099	3,365,780
Net income	3,652,724	3,072,396	3,124,399	2,723,981	3,600,936
Other expenses	(2,956,288)	(2,724,626)	(2,166,200)	(1,741,701)	(2,458,056)
Profit before taxation	696,436	347,770	958,199	982,280	1,142,880
Taxation	(17,079)	(32,025)	(221,920)	(192,395)	(198,419)
Profit after taxation	679,357	315,745	736,279	789,885	944,461
Net fair value gain/(loss) on available for sale financial assets	-	7,565	9,862	(165,278)	-
Gain on revaluation reserve	(695,812)	53,867	-	27,816	-
Actuarial loss on gratuity	(266,688)	(320,219)	-	-	-
Total comprehensive (loss)/income for the year	(283,143)	56,958	746,141	652,423	944,461
Earnings per share(kobo):					
- Actual and Adjusted	9.3	4.3	10	12	16

	GROUP LIFE ₦'000	INDIVIDUAL ₦'000	ANNUITY ₦'000	2020 TOTAL ₦'000	2019 TOTAL ₦'000
Income					
Gross premium	6,205,846	36,255	4,138	6,246,239	5,634,998
Unearned premium	(72,419)	-	-	(72,419)	(251,088)
Gross premium earned	6,133,427	36,255	4,138	6,173,820	5,383,910
Reinsurance expenses (Local)	1,921,358	-	-	1,921,358	1,849,376
Reinsurance expenses (foreign)		-	-	-	-
	1,921,358	-	-	1,921,358	1,849,376
Net premium earned	4,212,069	36,255	4,138	4,252,462	3,534,534
Fees and commission	598,267	-	-	598,267	419,101
Total income	4,810,336	36,255	4,138	4,850,729	3,953,635
Claim expenses					
Claims paid	2,229,012	-	-	2,229,012	1,628,224
Changes in outstanding claims	745,951		-	745,951	935,130
Received from reinsurance	(968,713)	-	-	(968,713)	(1,157,964)
Net claims paid	2,006,250	-	-	2,006,250	1,405,390
Underwriting expenses					
Acquisition cost	612,230	-	-	612,230	315,071
Increase in fund balances	-	29,853	204,574	234,427	180,090
Maintenance expenses	1,001,561	-	-	1,001,561	854,422
	1,613,791	29,853	204,574	1,848,218	1,349,583
Underwriting profit	1,190,295	6,402	(200,436)	996,261	1,198,662

LASACO ASSURANCE PLC

NON - LIFE REVENUE ACCOUNT

FINANCIAL STATEMENTS, 31 DECEMBER 2020

	FIRE	GENERAL ACCIDENT	MOTOR	OIL AND GAS	MARINE	AVIATION	BOND	ENGINEERING	2020	2019
Income	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Premiums (direct)	656,662	1,191,505	546,283	1,160,928	304,371	69,340	314,286	360,982	4,604,357	3,706,530
Inward reinsurance premiums	13,112	21,657	5,688	1,197	6,698	4,712	7,661	26,484	87,209	-
Gross premiums written	669,774	1,213,162	551,971	1,162,125	311,069	74,052	321,947	387,466	4,691,566	3,706,530
Changes in unearned premium	(57,675)	(65,977)	31,251	332,572	(20,095)	(12,386)	(125,881)	18,272	100,081	658,386
Gross premiums earned	612,099	1,147,185	583,222	1,494,697	290,974	61,666	196,066	405,738	4,791,647	4,364,916
Outward reinsurance premiums (local)	427,028	213,273	111,550	675,812	113,383	-	131,646	199,291	1,871,983	1,392,154
Changes in reinsurer's share of UPR	(30,283)	(20,825)	(1,895)	290,644	(3,968)	-	(50,291)	(24,475)	158,907	603,790
	396,745	192,448	109,655	966,456	109,415	-	81,355	174,816	2,030,890	1,995,944
Net premiums earned	215,354	954,737	473,567	528,241	181,559	61,666	114,711	230,922	2,760,757	2,368,972
Fees and commission	87,424	67,560	43,884	141,966	27,357	-	20,537	47,919	436,647	388,719
Total Income	302,778	1,022,297	517,451	670,207	208,916	61,666	135,248	278,841	3,197,404	2,757,691
Claims expenses										
Claims paid	300,686	564,185	91,171	945,848	58,758	207	-	99,747	2,060,602	961,718
Changes in Outstanding claims	461,394	185,891	2,157	(137,585)	83,335	(12,667)	24,317	16,962	623,804	147,889
Received from reinsurance	(418,681)	(142,938)	(45,496)	(693,517)	(56,833)	(194)	(12,160)	(74,790)	(1,444,609)	(448,645)
Net claims paid	343,399	607,138	47,832	114,746	85,260	(12,654)	12,157	41,919	1,239,797	660,962
Underwriting expenses										
Acquistion cost	69,580	119,570	57,342	120,728	32,316	7,693	33,446	40,252	480,927	499,641
Maintenance expenses	71,907	123,569	59,260	124,767	33,397	7,950	34,564	41,598	497,012	497,066
	141,487	243,139	116,602	245,495	65,713	15,643	68,010	81,850	977,939	996,707
Underwriting profit	(182,108)	172,020	353,017	309,966	57,943	58,677	55,081	155,072	979,668	1,100,022